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MACKENZIE VALLEY PIPELINE INQUIRY

5  
Government  
Publications

IN THE MATTER OF APPLICATIONS BY EACH OF

- (a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A  
RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS  
CROWN LANDS WITHIN THE YUKON TERRITORY AND  
THE NORTHWEST TERRITORIES, and
- (b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY  
THAT MIGHT BE GRANTED ACROSS CROWN LANDS  
WITHIN THE NORTHWEST TERRITORIES

FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE

and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND  
ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION,  
OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE  
PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T.

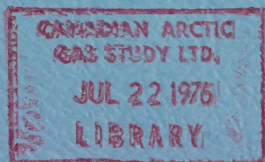
July 15, 1976.

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PROCEEDINGS AT INQUIRY

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Volume 164







APPEARANCES:

Mr. Ian G. Scott, Q.C.,  
Mr. Stephen T. Goudge,  
Mr. Alick Ryder, and  
Mr. Ian Roland, for Mackenzie Valley Pipeline Inquiry;

Mr. Pierre Genest, Q.C.,  
Mr. Jack Marshall,  
Mr. Darryl Carter, and  
Mr. J.T. Steeves, for Canadian Arctic Gas Pipeline Limited;

Mr. Reginald Gibbs, Q.C.,  
Mr. Alan Hollingworth, and  
Mr. John W. Lutes, for Foothills Pipe Lines Ltd.;

Mr. Russell Anthony,  
Prof. Alastair Lucas and  
Mr. Garth Evans, for Canadian Arctic Resources Committee;

Mr. Glen W. Bell and  
Mr. Gerry Sutton, for Northwest Territories Indian Brotherhood, and Metis Association of the Northwest Territories;

Mr. John Bayly and  
Miss Leslie Lane, for Inuit Tapirisat of Canada, and The Committee for Original Peoples Entitlement;

Mr. Ron Veale and  
Mr. Allen Lueck, for The Council for the Yukon Indians;

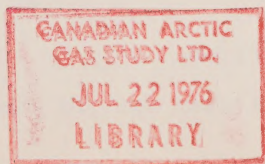
Mr. Carson Templeton, for Environment Protection Board;

Mr. David H. Searle, Q.C. for Northwest Territories Chamber of Commerce;

Mr. Murray Sigler and  
Mr. David Reesor, for The Association of Municipalities;

Mr. John Ballem, Q.C., for Producer Companies (Imperial, Shell & Gulf);

Mrs. Joanne MacQuarrie, for Mental Health Association of the Northwest Territories.



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WITNESSES FOR CANADIAN ARCTIC GAS PIPELINE LIMITED:

Wayne B. TRUSTY  
 Charles HOBART

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the evidence of Mr. Hollis. I think I've heard  
 everything that could possibly have been said by way  
 of argument.

In my preliminary rulings I  
 indicated that it would be difficult to separate the  
 impact of the pipeline on the national economy from  
 the impact on the northern economy, but the attempt  
 would have to be made. I have to say explicit evidence  
 relating to impact on the national economy. I did indi-  
 cate that where an impact on the national economy could  
 have an especial aspect on the northern economy, then  
 the inquiry would have to consider such evidence.

Now, it is said that the  
 evidence of Mr. Hollis relates to the impact of  
 the pipeline on the northern economy and as well as  
 the whole question whether it is feasible to route  
 the pipeline through the northern land claims.

As I understand Mr. Hollis  
 evidence, first of all he seeks to determine the  
 likely cost savings from the use of the Mackenzie  
 Valley route rather than a trans-Alaska route for  
 the movement of natural gas from Prudhoe Bay to market  
 in the lower 48.

He says that since the  
 pipeline passes through territory in Canada, which is





1 Yellowknife, N.W.T.

2 July 15, 1976.

3 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

4 THE COMMISSIONER: Ladies and  
5 gentlemen, I'm prepared to rule on the admissibility of  
6 the evidence of Dr. Helliwell. I think I've heard  
7 everything that could possibly have been said by way  
8 of argument.

9 In my preliminary rulings I  
10 indicated that it would be difficult to segregate the  
11 impact of the pipeline on the national economy from  
12 the impact on the northern economy, but the attempt  
13 would have to be made. I have so far excluded evidence  
14 relating to impact on the national economy. I did indi-  
15 cate that where an impact on the national economy would  
16 have an especial impact on the northern economy, then  
17 the Inquiry would have to consider such evidence.

18 Now, it is said that the  
19 evidence of Dr. Helliwell relates to the impact of  
20 the pipeline on the northern economy and as well to  
21 the whole question whether it is feasible to settle  
22 native land claims before the pipeline is built.

23 As I understand Dr. Helliwell's  
24 evidence, first of all he seeks to determine the  
25 likely cost savings from the use of the Mackenzie  
26 Valley route rather than a trans-Alaska route for  
27 the movement of natural gas from Prudhoe Bay to markets  
28 in the lower 48.

29 He says that since the  
30 pipeline passes through territory in Canada, which is



1 the subject of native land claims, estimates of the  
2 potential value of a pipeline corridor are of obvious  
3 importance. Then he goes on to consider what the  
4 net economic benefit would be if a Mackenzie Valley  
5 line were built either by Arctic Gas or by Foothills  
6 to move delta gas only, and he suggests who would  
7 receive the economic benefits under existing arrange-  
8 ments. Then he goes on to consider the economic  
9 consequences of earlier versus later development of  
10 the natural gas reserves of the Mackenzie Delta.

11 Now, when you boil it all down  
12 what Dr. Helliwell would tell us, if his evidence were  
13 admitted, is simply that there is 21 trillion cubic  
14 feet of gas in the Mackenzie Delta and that would or  
15 at least ought to make available to Canada 4.6 billion  
16 by way of net economic benefit.

17 His evidence is largely founded  
18 on an estimate of the extent of delta gas reserves.  
19 It seems to me, as I indicated in argument, that it  
20 will get us nowhere to try to sort out the extent of  
21 gas reserves in the delta. They are constantly changing  
22 and may be changed further when the National Energy  
23 Board comes to consider evidence relating to the  
24 drilling program of the winter of '75-'76, and I  
25 gather that that evidence has not yet come before the  
26 Board, and whatever results come from Dome's drilling  
27 program this summer, if indeed there are any meaningful  
28 results from that program before the Board prior to  
29 its completion of its work in connection with these  
30 two applications.





1                   The Energy Board has years of  
2 experience in estimating the credibility of the  
3 estimates of gas reserves that are brought forward  
4 by the industry and others, such as Dr. Helliwell.  
5 It is their job to sort them out. It would not be  
6 helpful for this Inquiry to get into the same problem  
7 area.

8                   Now, counsel for the Indian  
9 Brotherhood says, however, that it is not necessary for  
10 us to go into this question of gas reserves. We can  
11 proceed on the assumption that Dr. Helliwell's estimate  
12 is sound.

13                   What I am asked then to hear  
14 is: I am asked then to hear Dr. Helliwell's evidence on  
15 the basis that if we assume that his estimate is  
16 correct, then there is enough gas in the delta to  
17 enable Canada to build a pipeline on its own at a time  
18 of its own choosing. That being so, we have time to  
19 settle native land claims in the north, even if it  
20 takes a period of years to do so. It is not imperative  
21 if Canada is going to move its delta gas to southern  
22 markets to approve the Arctic Gas proposal to move  
23 Alaskan gas along the Mackenzie Valley route, thus  
24 enabling the piggy-backing of Canadian gas.       We can do  
25 it on our own.

26                   Now that is the whole argument,  
27 that is the reasoning. It may be sound or unsound, but  
28 it is a matter for the Government of Canada to decide.  
29 The government will have before it the report of this  
30 Inquiry setting out the social, environmental, and





1 economic impacts on the north and its people of the  
2 pipeline proposals, and the proposal to develop an  
3 energy corridor; the government will have before it  
4 the report of the National Energy Board which will  
5 indicate the extent of gas reserves, the cost of  
6 building the pipelines, and the impact on the national  
7 economy; the government will then have to weigh the  
8 Energy Board's report and my report and then make  
9 their decision. They might decide the pipeline is  
10 urgent and has to be built at once. They might decide  
11 the whole project is unsound. They might decide it  
12 should be postponed until land claims are settled.

13 But I don't think the govern-  
14 ment will be any further ahead if I tell them that,  
15 assuming we have enough gas in the Mackenzie Delta  
16 to make an all-Canadian line feasible, then a case can  
17 be made for postponing construction and settling native  
18 land claims in the meantime.



1                   It appears to me then, that  
2 Dr. Helliwell's evidence does not reach the question  
3 of northern economic impact. I do not think his evidence  
4 is likely to assist the work of this Inquiry.

5                   Now, I don't want anything that  
6 I have said to be interpreted as an expression of an  
7 opinion on my part on the credibility of Dr. Helliwell's  
8 evidence, I'm simply ruling on its admissibility before  
9 this Inquiry. It is for the National Energy Board to  
10 determine what consideration his evidence deserves. It  
11 does not come under the terms of reference of the Inquiry.

12                  Okay, Mr. Bayly?

13                  MR. BAYLY: Mr. Commissioner,  
14 before I begin, I did have a conversation this morning  
15 on the telephone with Mr. Veale in Whitehorse and he  
16 informed me, that as he had told Mr. Steeves, he had  
17 not received panel five and a portion of panel four, as  
18 you will recall, the bound volume of panel four said  
19 that Mr. Trusty's evidence would be produced at a later  
20 time, in time for him to prepare his cross-examination  
21 and come over and give it either today or yesterday.  
22 Because of that, he says that he wants his right to  
23 cross-examine this panel, but he is willing to wait until  
24 he has read the transcript of the cross-examinations  
25 of other people to determine, what, if anything, is left  
26 to cover.

27                  THE COMMISSIONER: That's the  
28 cross-examinations by other counsel?

29                  MR. BAYLY: Yes, and I'm just  
30 conveying that message sir. I had hoped to be able to





1 ask questions that he had prepared, but he said he was  
2 in that position because of not having received adequate  
3 notice of the evidence. I understand there's still piece  
4 he hasn't received yet and that may be the fault of the  
5 mails, but nonetheless he wasn't in a position to give  
6 me any questions.

7 THE COMMISSIONER: Well, I suppose  
8 we can wait and see. He may not want to ask any questions  
9 at all. Will Mr. Trusty be back next week to advise  
10 you, Mr. Steeves? Will he be back here in that capacity,  
11 even though not as a witness?

12 MR. STEEVES: I'm not certain,  
13 sir. That work may be completed before he goes back to  
14 Toronto this week.

15 THE COMMISSIONER: Pardon me?

16 MR. STEEVES: I say, he may  
17 complete that work, advising me, before he goes back to  
18 Toronto.

19 THE COMMISSIONER: I see.

20 MR. BAYLY: Mr. Steeves may be  
21 entertaining the possibility of calling both of these  
22 gentlemen in reply at some point and perhaps something  
23 could be worked out.

24 THE COMMISSIONER: Well, let's  
25 leave it at that, and I'm sure we can work something out  
26 if it becomes necessary.

27 MR. BAYLY: I think Mr. Veale  
28 just didn't want to let the evidence of these gentlemen  
29 go by.

30 THE COMMISSIONER: Yes, I under-





1 stand. I'm sure everyone will do their best to co-operate  
2 with Mr. Veale.

3 MR. BAYLY: If I could continue  
4 then, sir.

5 WAYNE B. TRUSTY,

6 CHARLES HOBART, resumed:

7 CROSS-EXAMINATION BY MR. BAYLY (CONTINUED):

8 Q Now, Dr. Hobart, yesterday  
9 you gave us an outline of your own recommendations for  
10 ways in which the pipeline might possibly go ahead  
11 prior to a land claims settlement and you set out the  
12 three conditions and I gather, if we look at those in  
13 broad terms and superimpose them on the Nunavut Proposal --

14 WITNESS HOBART: Superimpose  
15 them on what? I'm sorry.

16 Q On the Inuit land claims  
17 proposal, the Nunavut Proposal, that the only thing that  
18 is absent there is a measure of political control over  
19 what's going on, on the land, in your formula. And the  
20 answer to that is yes, I see your head nodding.

21 A That is my third condition,  
22 was that there be adequate recompense to native people  
23 in one form or another. Such that they would not have  
24 feelings of being ripped off, the resources of their  
25 traditional homeland being ripped off by southern interests.

26 Q Yes.

27 A I simply wanted to make  
28 sure we understood each other in terms of what I said,  
29 in terms of that third condition.

30 Q Right. So what -- if I could



Trusty & Hobart  
Cross-Exam by Bayly

1 put it another way, perhaps you would agree with me that  
2 both the government and the native groups would have  
3 to be considerably farther down the road than they are  
4 now in their negotiations on land claims for your formula  
5 to work? There would have to be some basic agreements  
6 between the two.

7 A Yes, you see the things  
8 that I am not entirely sure on, is to what extent  
9 current positions are in one sense negotiating positions,  
10 or to what extent they are final positions in the view  
11 of various people.

12 Now, insofar as they are negotiat-  
13 ing positions, then the question becomes what are the  
14 most salient aspects and what are more marginal. Less  
15 vehemently appelled, if you will.

16 So, that it does seem to me,  
17 insofar as there is an urgency concerned, that the  
18 question of -- what, that the fact may be that there  
19 may be a variety of ways in which these, as I feel,  
20 very legitimate native concerns and interests and so  
21 on, might be quite satisfactorily met.

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Trusty & Hobart  
Cross-Exam by Bayly

THE COMMISSIONER: Excuse

me Dr. Hobart. I raised the matter yesterday, and what I was interested in was your opinion as to the measures that ought to be taken.

A Right.

Q You enumerated three.

It's really what I was interested in and still am, if you want to elaborate further, is what in your opinion are the measures that should be taken to ensure that you don't wind up with a feeling of great bitterness in the north.

A Yes.

Q You outlined three. Now

whether the claims being made by the native organizations are for negotiating purposes or are bedrock non-negotiable positions is something that you can speculate about, and so can I. I suspect they haven't made up their minds themselves.

A Yes. To try to clarify

what I said in the context of the line of questioning that you're making then, it would seem to me that recompense -- financial return compensation -- something of that sort, has to be one element. I would -- I must confess that I am bit confused by the control issue because it entrenches on sovereignty issues it seems to me. I am not a political scientist. At this point I have to say --

MR. BAYLY: We're not suggesting

that you have to be, to have an opinion on what it will do to people socially.





Trusty & Hobart  
Cross-Exam by Bayly

A            So I would agree that in -- I would feel that in some area of this traditional homeland area there should be an area where they exercise "rather" complete kinds of control. Now, I am not sure in my own mind just what that "rather" complete would mean because it does -- you push that very far and you do run into sovereignty issues.

Q But ideally you would feel that these should be settled prior to this project if possible.

Λ It seems to me that it should be possible to come to certain basic understandings on some issues without necessarily coming to basic understandings on all issues.

Q All right. Does it, because of your not including in your list of three some measure of political control over what's going on in one's own land claim area, you would put that as a second area?

THE COMMISSIONER: Excuse me.  
Could I just interrupt you Mr. Bayly? Let me just tell  
you both what I understood Dr. Hobart's three conditions  
were, so that I understand the footing on which this  
discussion is proceeding.

He said first of all, measures should be taken for the native people to obtain meaningful employment of a long-term nature in connection with the whole pipeline project, putting it broadly.

A If I might just add, at the



Trusty & Hobart  
Cross-Exam by Bayly

1 full range of job skills. That is, not unskilled and  
2 semi-skilled labor only.

3 Q No. Secondly, Dr.

4 Hobart, I think your second condition was a little  
5 harder to come to grips with than the first and the  
6 third. But I thought you were getting at the notion  
7 that native development corporations -- native entrepreneurs  
8 should be given an opportunity of participating in the  
9 pipeline thing on a business footing supplying goods  
10 and services and that sort of thing.

11 The third point you made was  
12 that there should be a share of the revenue accruing  
13 from the development of oil and gas in the north set  
14 aside for the native peoples. You described it as a  
15 native peoples heritage fund. Those were the three  
16 points you made and they are not, as I understand them,  
17 points that require the settlement of land claims in  
18 the broad sense before a pipeline construction goes  
19 ahead. They are in fact requirements for preplanning  
20 to ensure that as pipeline construction goes ahead,  
21 all of these things come about concurrently. But when  
22 you start pumping the oil and gas through, you set  
23 aside a share of revenue for the native people.

24 Now, that was what I understood  
25 you were telling me.

26 A May I simply clarify the  
27 third one which was that the important point is that  
28 the potential for feeling that they are being ripped  
29 off be eliminated by a guarantee of some sort of return.  
30 I meant the native heritage trust fund as a kind of





Trusty & Hobart  
Cross-Exam by Bayly

1 example, but I wouldn't want to be understood as that's  
2 my sort of firm personal position or something of that  
3 sort. In other words, there might be a variety of ways  
4 in which that broad goal could be achieved. That's  
5 the one that -- pardon my Albertan background -- that  
6 jumped into my mind.

7 MR. BAYLY: Well Dr. Hobart,  
8 the difficulty I have with that is that you premise  
9 your heritage fund on the feeling among native peoples  
10 that they are not being cheated out of anything coming  
11 out of their land, and the concerns which I am sure you  
12 are aware of from reading the evidence that's been  
13 before this Inquiry, are that people feel that they've  
14 lost control over their own lives. That seems to be  
15 the paramount concern that has come out in the Brother-  
16 hood's evidence and the evidence in the communities.

17 A Yes.

18 Q Now, how do we assuage that  
19 within your formula without going the full extent of  
20 land claims, because if you do have a solution, I think  
21 we should hear about it?  
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"If it is possible that that thing should proceed, it should only proceed if one, if two, and if three, it is possible to assuage native feelings,"

and in a corner of my mind is the notion of the control issue. I hedge away from the word "political". I think that what's in my mind again is that in Alberta if you owned land prior to whatever the date was, after which people lost sub-surface mineral rights, if you owned it before then you had certain kinds of control which you did not have if you came into ownership of that land after that point, and so I'm simply explaining why I prefer the word "control" to the other phrase having broader implications, which I find troublesome.

So that the control is certainly an important consideration. I am not convinced, although I have not really thought through the whole implication of the thing to my own satisfaction, I'm not convinced that it would not be possible to arrive at certain kinds of guarantees in the absence of a finally agreed-upon settlement. In other words, I'm assuming that the settlement is a lengthy negotiation process. I am assuming also that it would be possible to establish certain kinds of guarantees, the specific dimensions of which would be negotiated later.





Trusty & Hobart  
Cross-Exam by Bayly

1 Did that come through?

2 Q Yes, and I think to take  
3 you just one step further, if I could suggest that  
4 without either a settlement, a full settlement of land  
5 claims prior to the construction, or a formula like  
6 yours that is satisfactory to all parties, it may be  
7 very difficult to implement the policy intentions of  
8 Arctic Gas and Foothills with regard to involving  
9 native people in meaningful and happy participation  
10 in this project.

11 A In the absence of some  
12 form of understanding, yes. Obviously there are  
13 in some senses some veto powers that lie in native  
14 peoples' hands.

15 Q You need them to make  
16 that part of it work.

17 A Pardon me?

18 Q You need them to make  
19 that part of the proposal work. That is, the involvement  
20 of them in the process.

21 A O.K., you're saying  
22 should that not be a fourth condition, is that what  
23 you're suggesting?

24 Q Yes.

25 A Yes. As I --

26 THE COMMISSIONER: Excuse me,  
27 I've lost track of both of you.

28 MR. BAYLY: Oh.

29 THE COMMISSIONER: You said,  
30 "Obviously there are some veto powers that



Trusty & Hobar  
Cross-Exam by Bayly

1 rest with native hands."

2 I didn't understand that; and then you said and that's  
3 your fourth condition, and I lost you over the fourth  
4 condition.

5 A May I try to --

6 Q Please do.

7 A Yes. It was my third  
8 condition the example that I alluded to was a financial  
9 reimbursement or compensation or return aspect. But  
10 a part of the safeguarding of native people from the  
11 feeling of bitterness, ripped off and so on, has to  
12 do, to my mind, with the feeling that some part of our  
13 traditional home life, and obviously I can't be  
14 specific about that, we should have the kinds of  
15 control over that -- well, that involve permission to  
16 grant or not to grant the right to certain forms of  
17 sub-surface mineral development, that that's the kind  
18 of thing that -- I'm way out of my area at this point,  
19 so if I'm wrong, why somebody correct me -- but that's  
20 the kind of thing that I think a person whose owner-  
21 ship of land in Alberta back to the year 1900, before  
22 the 1920s, whatever it was, date. If he didn't want  
23 the oil resources under his land to be developed, there  
24 was no way that somebody could come in in terms of the  
25 energy conditions up to the present and say, "You have  
26 to submit to that kind of development."

27 Well, it seems to me -- well,  
28 it seems to me that there is a very high bitterness  
29 potential on the part of native people if it turns out  
30 that they are in a position of saying, "We don't even





Trusty & Hobart  
Cross-Exam by Bayly

1 have the same rights to our traditional homeland, some  
2 aspects of that land, at least, that whites who came  
3 into Alberta at an early age -- at an early stage --  
4 have with respect to that."

5 So that the bitterness potential  
6 relates to a control dimension, and it relates to a  
7 return dimension, and both of those are very important  
8 dimensions, it does seem to me, and what I went on to --  
9 well, what I understood Mr. Bayly to say then was,  
10 "Does that not really mean that you have to have a  
11 land claims settlement first?"

12 And what I responded was, it  
13 would seem to me in principle that you could agree that  
14 there would be certain kinds of guarantees in the  
15 eventual settlement, but that it might well be possible  
16 for development to proceed after there was an initial  
17 agreement on the kinds of things that would be included.  
18 I've forgotten the question that resulted in my veto.



Trusty & Hobart  
Cross-Exam by Bayly

1 MR. BAYLY: I think we've got  
2 it, that there has to be a measure of control that may  
3 not be a full settlement at the time that the development  
4 goes ahead, that's your fourth condition, in brief.

5 A I'm sorry, I missed part  
6 of that.

7 Q You have told us that there  
8 has to be some measure of control that may not be the  
9 land claims measure, but gives the people a feeling of  
10 -- that they have some say in what's going on in the land,  
11 even if development goes ahead prior to the final  
12 settlement of their land claims.

13 A Yes, what I tried to say  
14 was that there'll be agreement that certain kinds of  
15 controls would be vested in them with respect to certain  
16 areas, but the exact dimensions and so on would be the  
17 result of a longer negotiation process.

18 THE COMMISSIONER: Let me  
19 just ask you a question, Mr. -- Dr. Hobart, and counsel  
20 might want to think about this.

21 We've heard a lot of evidence  
22 about the James Bay settlement and when we were in  
23 Montreal, the people that negotiated gave evidence, and  
24 people who agreed to it gave evidence and people who  
25 opposed it gave evidence.

26 Mr. Ciaccia, who was the Premier's  
27 negotiator described it in some detail, and it is certainly  
28 the most elaborate land claims settlement that has ever  
29 been reached in this country. If you're talking about  
30 the tradition of Canadian native land settlements, it is





1 in the broad tradition, in the sense that it led to  
2 the extinguishment of native rights. But, out of it all,  
3 at least two things were done that -- well, the thing  
4 is so complicated that I would bet there isn't one  
5 native who -- upon whose behalf it was signed who really  
6 understands it and -- not fully at any rate, because I  
7 am still trying to understand it and I'm not being at all  
8 critical. It's a very ambitious and elaborate settlement.

9 They gave -- they didn't give,  
10 but to use a word that has no overtones, they conceded  
11 that the natives had certain rights over various lands,  
12 complicated land use programme, then they provided  
13 that native trappers would have a guaranteed annual  
14 income. Really, doing for native trappers what we've  
15 always done for the prairie farmers. Primary producers,  
16 and we provide a floor level for their income.

17 Mr. Ciaccia said that was a  
18 first in North America and he's probably right. It's  
19 very interesting.

20 Another thing they did was to  
21 establish Cree and Inuit school districts so that they  
22 would achieve a measure of control over their schools.  
23 Then, there are elaborate provisions relating to control  
24 over development and the substance of those provisions  
25 seems to be that in the final analysis, if the government  
26 decides development's going to go ahead, it's going to  
27 go ahead and that's all there is to it, and maybe govern-  
28 ments, generally, feel they cannot surrender that  
29 option.

30 Now, it's an interesting settlement



Trusty & Hoabart  
Cross-Exam by Bayly

1 and just looking at the settlement itself and putting  
2 to one side all the questions about, was it signed under  
3 duress and so on and so forth.

4                   There are some ideas in it  
5 that are worth looking at, but the most troublesome  
6 thing about it is, and I'm saying this for the benefit  
7 of counsel as well as yourself, but I'd like you to  
8 comment on it. According to Mr. Richardson, a journalist  
9 who wrote a book on the subject and is very knowledgeable  
10 about it, to administer the settlement, you have to have  
11 a very elaborate administration because the settlement  
12 relates to three quarters of the province of Quebec and  
13 you need, apparently, a permanent staff of about 400  
14 people. While we were in Montreal we saw ads in the  
15 papers for people to come and work for this organization,  
16 I've forgotten -- the Cree Council, I think. The  
17 Grand Council of the Cree, something like that.

18                   Now, that was -- I should think,  
19 I don't think the matter came up, but I should think  
20 that everyone probably would have agreed, if they'd  
21 been asked, that it would have been better if more time  
22 had been given for this thing to be worked out. Perhaps  
23 not, perhaps they wouldn't have said so. But I think  
24 it unlikely that many of the Crees or Inuit are competent  
25 now to fill these administrative positions and they may  
26 wind up with 350 white people running the administration  
27 of this land settlement and that, it seemed to me was  
28 something that supported the notion that a land claims  
29 settlement might be worked out rather more gradually  
30 than they had sought to do there.





Trusty & Hobart  
Cross-Exam by Bayly

1 I don't know whether this is  
2 -- I'm really thinking out loud there. That James Bay  
3 thing is something we have to look at, see what we  
4 can learn from it and as I said, one or two of the ideas  
5 certainly seem very, very interesting, but this elaborate  
6 administrative framework, for 6000 Crees and 4000 Inuit,  
7 fewer people than there are in the Mackenzie Valley,  
8 who are native people, and the erection of that establish-  
9 ment, almost immediately, almost at once and the necessity  
10 for filling all of these positions when the Cree and  
11 the Inuit must be still kind of going through a process  
12 of -- I don't know what it is, culture shock or something,  
13 but they are having to kind of move along pretty swiftly.

14 Anyway, I --

15 A May I ask for one clarification?  
16

17 Q Yes.

18 A It sounded as though you  
19 were saying that if the process had been slower, more  
20 gradual, the size of the bureaucracy would have been  
21 smaller.

22 Q No, I don't know. I think  
23 that it would have been possible for the native people  
24 to administer their own land settlement and the new  
25 institutions arising from it, themselves, instead of  
26 suddenly being confronted with the necessity for filling  
27 400 positions for which I would think, without knowing  
28 anything about it, that it's unlikely more than a dozen  
29 of them are qualified to fill. That's the -- so that they  
30 may exchange one colonial administration for another,



Trusty & Hobart  
Cross-Exam by Bayly

1 except at least the second one is their own.

2                                   At any rate, I'm sorry to  
3 interrupt, but that's something I've been thinking about  
4 since we were in Montreal, and you all might reflect on  
5 it, and if you have anything to say, any words of wisdom  
6 to offer me on that subject now, please do so. If not,  
7 we can leave it.



Trusty & Hobart  
Cross-Exam by Bayly

1                                   A     Well, let me just say  
2     that I read some of that testimony myself, and had  
3     heard the negotiations under duress argument, and was  
4     impressed in the context of the Mackenzie Valley.  
5     That if land claims settlements had in fact been made,  
6     ten or more years ago, I think they would certainly  
7     have been less advantageous to native people than  
8     -- that's my perception, obviously -- only that -- than  
9     settlements which are made in the awareness of the  
10    kinds of resources that probably exist and so on.

11                               Q     Oh, yes.           No one's  
12    going to argue about that.

13                               A     So that the whole -- the  
14    thing that intrigued me then was the issue of the  
15    optimum time to come to such an agreement. It occurred  
16    to me as a possibility -- and I don't feel anymore  
17    confident than that -- that there might well be  
18    advantages for everybody concerned in something approach-  
19    ing a two stage kind of thing. The first agreeing upon  
20    issues in principle and the second, negotiating the  
21    actual details, now.

22                               Q     Let me just ask you one  
23    other question because this word "sovereignty" is  
24    thrown around. The only people in Canada who are  
25    -- as I understand it -- who are insisting upon  
26    sovereignty are the followers of Rene Levesque. They  
27    set up the school board under Cree and Inuit jurisdiction  
28    in Quebec. Now that's not an infringement upon  
29    sovereignty. If the Government of Canada were to  
30    pass a statute that gave Inuit people a measure of





Trusty & Hobart  
Cross-Exam by Bayly

1 sovereignty over a certain territory -- a measure of  
2 self-government over a certain territory within Canada,  
3 I cannot see that that's an infringement upon sovereignty.  
4 Is this just<sup>a</sup> question of semantics or did you have  
5 something in mind that goes beyond what I have just  
6 referred to?

7 A No. I certainly didn't  
8 mean that pejoratively. I meant that in the reading  
9 that I have done, there is some ambiguity there. I  
10 feel cautious in the face of that ambiguity. I don't  
11 disagree with anything that you said at that point at  
12 all.

13 Q I want you to know Mr.  
14 Bayly that what I said about James Bay is not a  
15 considered view. It's just a thought that I would like  
16 you all to reflect upon.

17 MR. BAYLY: I understand sir.

18 THE COMMISSIONER: Deal with  
19 it at an appropriate time.

20 MR. BAYLY: Yes, it may be that  
21 the panel we intend to call on the land claim will be  
22 able to respond to that certainly better than I could.

23 Now, Dr. Hobart, my second  
24 question deals with a problem --

25 THE COMMISSIONER: You and I  
26 don't have to get the plane.

27 MR. BAYLY: Right. -- a problem  
28 you raise on page 16 in conjunction with --

29 A I'm sorry, which --

30 Q On page 16 of your overview.



Trusty & Hobart  
Cross-Exam by Bayly

1 A Of the overview.

2 Q Yes. You state in your  
3 evidence there under point four of the third paragraph  
4 that:

5 "Canadian Arctic Gas intends to enforce their policy  
6 of not allowing workers to leave camp during their  
7 off-work hours."

8 A I'm sorry. You don't  
9 mean the overview do you?

10 Q Oh, maybe I don't. I  
11 don't. Sorry, I mean panel four. All right.  
12 Now, as I understand, you plan to keep the workers in  
13 the camps and you feel that that's legally enforceable?

14 A I'm sorry --

15 Q You plan to keep the  
16 workers in the camps and you say that that is legally  
17 enforceable.

18 A That's my understanding,  
19 yes.

20 Q Yes. Now, I understand  
21 one of the problems in Alaska was that when people  
22 broke the rules they would leave the employ of the  
23 company, but that they could hire on through the union  
24 hall and be right back up again on another spread  
25 subsequent to their being fired. Now, how do you intend  
26 to deal with that? Maybe that's a question for Mr.  
27 Trusty although it appears in your evidence.

28 A I think that's a question  
29 that Mr. Trusty should really handle. My reaction would  
30 be that it would be an important part of the understanding





Trusty & Hobart  
Cross-Exam by Bayly

1 with the union that people who had not shown themselves  
2 able or willing to abide within these sorts of  
3 restrictions should not be promptly employed.

4 Q All right and Mr. Trusty  
5 did you have anything to add to that?

6 WITNESS TRUSTY: My reaction  
7 would be the same as Dr. Hobart's.

8 Q All right. Now I take  
9 it that when you say that this is a legally enforceable  
10 policy, you've contemplated the problems that have  
11 been dealt with on a much more restricted basis in  
12 the Whitfield - Marconi situation in Great Whale River.

13 A Yes sir. That's correct.

14 Q Right. But that may not  
15 apply as universally as you want to apply it here.

16 A We've received a legal  
17 opinion that suggests that -- that indicates that this  
18 is a legally enforceable policy which requires that it  
19 be in the collective agreement, and may require that every  
20 employee sign to that effect what he is taken on; but  
21 that given those conditions and given the reasons why  
22 the policy would be enforced that it would be upheld  
23 by the Courts.

24

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Trusty & Hobart  
Cross-Exam by Bayly

1 Q All right, you've received  
2 that opinion, in any event.

3 THE COMMISSIONER: That about  
4 covers the ground.

5 MR. BAYLY: I don't intend  
6 to argue the law with Mr. Trusty.

7 A That's good.

8 Q That's as far as I wanted  
9 to go with that. Now, again at pages 16 and 17 of  
10 this portion of your evidence, Dr. Hobart, you suggested  
11 that because of long hours workers may be too tired to  
12 get into any trouble, and what we heard from Magistrate  
13 Sprecker about the Alaskan situation was that there  
14 were a considerable number of workers who were on the  
15 job long hours, but that they weren't using up a great  
16 deal of energy. This was a problem that apparently  
17 wasn't contemplated by Alyeska, there's a fair bit of  
18 waiting in some jobs for somebody else to do something  
19 first. Seen in that light, do you contemplate problems  
20 with at least a portion of the work force not just  
21 dragging themselves into bed?

22 WITNESS HOBART: Well, I went  
23 on later in that statement to say that,

24 "Nevertheless there will no doubt be a small  
25 proportion who will give it a good try, come  
26 hell or high water,"  
27 and you have to deal with that one, and I went on and  
28 commented in that testimony on that kind of phenomena.  
29 Now, I understand you to be saying that perhaps the  
30



Trusty & Hobart  
Cross-Exam by Bayly

1 proportion maybe larger than you anticipated. Is that  
2 what you're --

3 Q Yes. Not only that but  
4 you might want to add this into the mix, that there  
5 may only be so much pool and ping-pong you can play  
6 during a 4-day blizzard on the North Slope without  
7 getting pretty restless.

8 WITNESS TRUSTY: By the same  
9 token, of course, it's very difficult during that  
10 four-day blizzard to strike off across the land to a  
11 community.

12 Q Well, I realize that, but  
13 it may result in problems of raising hell that don't  
14 have anything to do with the community that may have to  
15 do with the camp itself, and we've seen examples of  
16 that in effect.

17 THE COMMISSIONER: You mean  
18 they burned the place down.

19 MR. BAYLY: Yes.

20 WITNESS HOBART: In my own  
21 mind, I think there's a distinct difference between  
22 that "burned the place down" phenomena where it was a  
23 rage reaction against some aspects of the job situation  
24 versus where the hypothetical target, if you will, is  
25 native people. I guess my response basically would be that  
26 I don't have any image at all as to what proportion of  
27 these people are going to be in the hurry-up and wait  
28 kind of situation you're suggesting, that in most of the  
29 camp locations if they wait a week still it's 50 to 100  
30 miles to the nearest settlement, perhaps more, and that





Trusty & Hobart  
Cross-Exam by Bayly

1 there are no roads and that sort of thing. That may  
2 be exaggerated but it's simply that no way are people  
3 in the dead of winter, without trails and without roads  
4 to follow, going to be able to travel very far to the  
5 nearest settlement. So that the risk then is at a  
6 relatively few locations and accordingly it should be  
7 possible to take particular measures to police those  
8 few high vulnerability situations. I must confess that  
9 Fort Nelson troubles me.

10 WITNESS TRUSTY: May I add  
11 just a point, Mr. Bayly, and I mentioned this the  
12 other day, that in Magistrate Sprecker's area in  
13 particular, because of the road network that was in  
14 existence, there were buses laid on at union insistence  
15 as I understand it, that actually took people into  
16 town. In other words, it was made easy for them rather  
17 than difficult, and I think that very much affects  
18 the kind of phenomena that Magistrate Sprecker was  
19 talking about.

20 Secondly, I'd note again that  
21 on the basis of my conversations with the contractors  
22 operating in the area of Alyeska that a good deal of  
23 this waiting time you're talking about reflected the  
24 mile by mile approval process, so that crews got held  
25 up and the normal momentum couldn't be maintained.

26 Q I understand. Just one  
27 more point on that, as I understand concerning some of  
28 the union agreements in Alaska, the problem was not  
29 completely hurry-up and wait situations, but that there  
30 were also the situations where the union had an agreement



Trusty & Hobart  
Cross-Exam by Bayly

that a person would be paid for a certain number of hours and if his machine was broken or if he couldn't do his job he'd get paid for it anyway, and that reflects in the statistics of how many hours, but he might not have worked, might not have been able to work.

that's A That's quite possible,  
Mr. Bayly. I think the kind of question that really  
should have been put to the last panel because neither  
Dr. Hobart nor I are experts on the union agreements  
that existed.

Q I'm less concerned about that as a specific than the problems it raises both in camps and in people from camps with some access to settlements, and I gather you have to put that into your mix because living under these conditions is going to be difficult if all you expect <sup>people</sup> to do is watch movies and play cards and the games that you've suggested.

WITNESS HOBART:

A Yes. Well, I would think  
of protection  
that the strategy would involve identification of  
in effect no-risk situations and well, along the  
Arctic Slope there are no-risk situations, I would  
think; and minimal risk situations and high-risk  
situations, and you want to adapt your policing,  
the intensity of policing to them.

Q All right, and I gather you've mentioned several times in your evidence, both in cross-examination and in chief, the lack of roads, but I suggest to you that where camps are situated





Trusty & Hobart  
Cross-Exam by Bayly

close to rivers, and native people are working at the camps, there may be a number of skidoos, boats, and other methods of transportation, perhaps charter aircraft, that will provide access even in the absence of roads, and you have to take that into consideration.

WITNESS TRUSTY:

A Is that a statement,

Mr. Bayly, or a question?

Q It's a question. All my statements are questions.

A Yes, I --

WITNESS HOBART: Certainly there will be some situations where there will be the possibility of access if you want to face frequently windchill conditions, which are pretty severe, without roads.

Q Yes, that's in the winter part of the construction; those things that are carried on in the summer and there are a number of those that we've gone over with Mr. Williams. They involve people on-site that may have water access to various places. Do you intend to impose rules on whether people can have their boats or their skidoos, their panel trucks at the camp sites?



Trusty & Hobart  
Cross-Exam by Bayly

1 WITNESS TRUSTY: The policy,  
2 as it's set out in the testimony, Mr. Bayly, is to make  
3 every effort to ensure that there's an absence of  
4 casual transportation and I don't think at this point that  
5 we can go beyond saying that. The specific details are  
6 going to be undoubtedly site specific, they're going  
7 to tie in with other policies, and it's the kind of thing  
8 that has to be worked out as you go along. I don't  
9 think we can offer anything meaningful at this stage  
10 beyond that policy statement or policy intention  
11 statement.

12 Q Now, back to you, Dr.  
13 Hobart, at page 32 and 33 of your panel four evidence.

14 Now, you've expressed concern  
15 for evidence that had been led that you felt came  
16 dangerously close to suggesting that native people should  
17 be left in museum situations, and I'm concerned enough  
18 about this to ask you to be more specific on what evidence  
19 you feel you would dispute for this reason.

20 WITNESS HOBART: I don't have  
21 Dr. Asch's testimony with me. I -- well, I thought he  
22 overstated the traditionalism -- the viability of  
23 the traditional way of life, including both sources of  
24 subsistence -- sources of income I should say, and traditional  
25 institutions, to the point where it sounded like we can  
26 really, if we pull out some of the government programmes  
27 that have been destructive and so on, we can re-establish  
28 a way of life that would be in many respects like the  
29 golden age of trapping or something of that sort.

30 I really thought that



Trusty & Hobart  
Cross-Exam by Bayly

1 Mr. Commissioner had pointed to the area of agreement  
2 between us, and I accepted fully the statement of the  
3 common ground that the Commissioner delivered here.

4 Q You have another statement --

5 THE COMMISSIONER: Excuse me,  
6 where they parted company, it seemed to me was this,  
7 that Dr. Asch felt that trapping, as a source of cash  
8 income, would, in the long run, pay greater dividends  
9 to the native people than pipeline employment would.  
10 That was really where they parted company quite decisively,  
11 but is it helpful to have Dr. Hobart characterize Dr.  
12 Asch's evidence?

13 MR. BAYLY: I don't care where  
14 it comes from in the sense of who it comes from sir, but  
15 if something is said to be dangerous, I'd like to know  
16 what it is, because then we can examine it, and all we've  
17 got in the evidence itself is that statement. I'm not  
18 going to try and get into a name calling debate between  
19 anthropologists and sociologists. I just want to know  
20 what's dangerous and where to find it.

21 THE COMMISSIONER: I don't  
22 want you to get into it, I just don't want you to  
23 encourage it.

24 A Well, let me add one brief  
25 thing, in addition to the trapping income, there was the  
26 area of -- to what extent traditional institutions  
27 survive and I expressed my reservations with respect  
28 to what I understood to be Dr. Asch's position, both  
29 when I commented on that before Dr. Asch showed up, that  
30 is on the first cross-examination. I guess this was in





Trusty & Hobart  
Cross Exam by Bayly

1 response to some of Mr. Scott's questions.

2 Q Excuse me,  
3 perhaps another substantial area of disagreement, Dr.  
4 Hobart is skeptical about the extent to which native  
5 traditions and values survive in a meaningful sense in  
6 the villages today, though he acknowledges the full  
7 extent of the bush economy.

8 Dr. Asch and Mr. Rushforth put  
9 forward a rather more sanguine view. They felt that  
10 those native values were still thriving today in the  
11 villages, and that a great influence in the way people  
12 thought about things and the way they reacted to things.  
13 I just don't want -- I don't think it's necessary to  
14 go through all of that again because I have it well  
15 in mind, and I think we've gotten all from Dr. Hobart that  
16 we could possibly get on that score.

17 MR. BAYLY: Having made that  
18 assessment, whether you are Dr. Asch or Dr. Hobart, I  
19 take it then, the next step you make is one that you  
20 issue on page 32, and that is that as experts you try  
21 and analyze what people should want for themselves and  
22 for their communities, etc. You're looking for a solu-  
23 tion. It's pretty hard to avoid doing that even though  
24 you say it's probably presumptuous to do so.

25 A Yes. I'm sorry, what part  
26 of page 32 are you referring to?

27 Q Bottom of the first full  
28 paragraph.

29 A In regard to stratification  
30 and prestige systems?



Trusty & Hobart  
Cross Exam by Ray's

1 Q You say, "I must confess  
2 it seems rather presumptuous to me for whites to tell  
3 them what they should or should not want for themselves,  
4 for their communities, for their children, as some of  
5 those who have testified seem to do."

6 A Yes.

7 Q I'm suggesting that every-  
8 one gets into that position, even you sir, because you  
9 say, "I've analyzed the situation like this, and I  
10 feel that the pipeline employment will provide the  
11 meaningful solution to some of the problems I see in  
12 the region", and you did that in good faith.

13 A Yes.

14 Q But you get into that,  
15 just like everybody else.

16 A Yes. I think simply,  
17 I have not taken the second step, which is a very short  
18 one, of saying, "they should do so and so", what I have  
19 said rather is, "they are doing so and so", they are  
20 being employed in all sorts of contexts. They are  
21 voting with their feet as I said once before, that's  
22 what I have built my case on, I think. I don't think  
23 I have put in any, "they should, so and so" kinds of  
24 statements or implications that I may be just --

25

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Trusty & Hobart  
Cross-Exam by Bayly

Q Now, one of your basic points is that stable employment opportunities and increased wage income will have a positive effect with respect to the incidence of anti-social behavior. I am concerned about this because I'd like to take you back to your evidence that you gave Inuvik. I'll read to you from volume 113 of the transcript.

A I wonder if there is a chance that I could get a copy of that? I work better through my eyes than my ears I'm afraid.

Q All right.

THE COMMISSIONER: That was bound in black. I was looking at it last night. Do you have it, Miss Hutchinson, Dr. Hobart's evidence at Inuvik?

MR. STEEVES: I have it upstairs.

MR. BAYLY: Sir, it's twenty to eleven. It might be time for coffee and if it is then perhaps I'll give him the reference and --

THE COMMISSIONER: O.K.

MR. BAYLY: -- he could read it over the break.

THE COMMISSIONER: Right. Give him the reference now then and we'll stop for a few minutes.

MR. BAYLY: Yes.

(PROCEEDINGS ADJOURNED FOR A FEW MINUTES)

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. BAYLY: Dr. Hobart, I've asked you to look at volume 113 of the transcript at



Trusty & Hobart  
Cross-Exam by Bayly

1 page 17226. At that point, I asked you some questions  
2 in Inuvik and I'll just read these for the sake of the  
3 Commissioner and the record.

4 Now as I understand, as a  
5 sociologist assessing the impacts of some of the things  
6 that you've just described: television, highways,  
7 wage employment, you look for things called "social  
8 indicators". You look for alcohol consumption increase.  
9 You look for increasing crime rates, violence, family  
10 breakdowns, child abuse, suicides; this sort of thing.

11 Now, in your studies you may  
12 want to refer particularly to Coppermine. Did you find  
13 that there was any change in these things that was at  
14 least coincident with the wage employment? Whether you  
15 can attribute it to them or not I don't know.

16 Your answer was:

17 "I can answer that question quite specifically I  
18 think. I have to restrict my answer to the  
19 Coppermine situation. I have attempted to explore  
20 and analyze the ability of those kinds of data with  
21 respect to the delta here. The variety of  
22 influences is just too complex to be able to say  
23 anything along that line at all."

24 Now, with regard to that  
25 particular passage, you've acknowledged that the area in  
26 which we were holding our discussion was too complex.  
27 But I suggest to you that in your evidence and in the  
28 paper that you gave us the conclusions to yesterday,  
29 you did attempt to make some of those generalizations.

30 A O.K.



Trusty & Hobart  
Cross-Exam by Bayly

1 Q Would you agree with that?

2 A Yes.

3 Q Yes. Although they  
4 may not be universally applicable, you've taken some  
5 things as being at least repetitive in a number of  
6 situations. You attribute small, crowded housing and  
7 lack of privacy and lack of recreation facilities  
8 without alcohol to alcohol abuse for example.

9 A Yes. I was saying this  
10 evidence existed in the literature. Yes.

11 Q Yes. What I will ask you  
12 to do now, because we didn't in Inuvik go into whether  
13 the social indicators might be related to wage employment  
14 in the delta and the Mackenzie Valley, would be to take  
15 you to volume 3 of the Gemini North report and invite  
16 you to agree or disagree with a number of passages there.  
17 The reason I do that is because I understand that you  
18 reject some things in Gemini North, and accept and rely  
19 on others.

20 First page 74. At the top  
21 the report says:

22 "Inuvik has been a boom town since 1955."

23 Then going down to the bottom of that paragraph:

24 "The boom has been accompanied by an increase in  
25 alcohol consumption, crimes of violence, family unit  
26 breakdown, racial tensions and other social problems  
27 which are dealt with in another section of this  
28 report.

29 Would you agree with that  
30 general statement?





Trusty & Hobart  
Cross-Exam by Bayly

1 A Yes, I would say that I  
2 have information with respect<sup>to</sup> alcohol consumption and  
3 crimes. I don't have information with respect to the  
4 other. But the general knowledge that I have is in  
5 accord with that general statement. Yes.

6 Q Yes. All right, let's  
7 then turn to page 205. In the third paragraph on that  
8 page, Gemini North states:

9 "In the lower Mackenzie Delta, dominated by Inuvik  
10 the rate of violations per hundred population  
11 doubled since 1968 which marked the beginning of  
12 the delta oil play."

13 Would you agree with that statement?

14 A Violations is talking  
15 about Liquor Ordinance violations here?

16 Q Yes. There's a table  
17 -- table 2.18 which I believe this evidence refers to.

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Trusty & Hobart  
Cross-Exam by Bayly

1 Part on the Mackenzie region  
2 is found on page 203.

3 A That's right, sure.  
4 The table shows that.

5 Q Yes, and you don't  
6 contest those figures?

7 A No, I do not.

8 Q And similarly, in the  
9 upper Mackenzie dominated by Fort Simpson, rate of  
10 violations per 100 population rose by 122% since 1970,  
11 which roughly coincided with the start of highway  
12 construction.

13 A Right.

14 Q Do you agree with that  
15 statement?

16 A Yes.

17 Q And it's reflected in  
18 the table as well?

19 A Yes.

20 Q Turning then to page 234  
21 of this report, under item 8,

22 "While poor employment conditions can inflate  
23 welfare rolls, good employment conditions do  
24 not necessarily reduce them; despite the increase  
25 in wage employment opportunities, the economic  
26 component of social assistance payments has  
27 remained relatively constant over time, as shown  
28 in Table 2.24."

29 That is the table on page 235. Would you agree with  
30 that general statement?



Trusty & Hobart  
Cross-Exam by Bavly

1                   A     I would emphasize that  
2 the last sentence in that paragraph says that only  
3 the lower Mackenzie Delta, which is the area of  
4 maximum employment impact, showed a decline in  
5 economic subsistence payments as shown in Table  
6 2.25.

7                   Q     Yes.

8                   A     So that what I take that  
9 paragraph to say in toto is that the area where there  
10 had been modest employment impact showed an increase  
11 in subsistence payments. The area where there had been  
12 a significant amount of employment showed a decline.

13                  Q     All right, and we ran  
14 into that discussion, I suggest to you, when we were  
15 talking about Coppermine, that -- and some of it was  
16 attributed to different reasons for giving transfer  
17 payments, but there wasn't a dramatic decrease in  
18 those payments.

19                  A     Yes.

20                  Q     Paid into the Gulf  
21 employment.

22                  A     I think there is no  
23 need to repeat that discussion here, that is we alluded  
24 to secular trends and to increasingly generous approaches  
25 and so on. The expectations have risen and payments  
26 have changed, payment levels have changed as there  
27 have been changes in expectations.

28                  Q     My information is that  
29 in Tuk, which was in the centre of what I think was  
30 called the oil play, economic assistance payments





Trusty & Hobart  
Cross-Exam by Bayly

1 increased from \$5,848 in 1970-71 to \$31,000 in 1972-73.

2 Is that a -- have you examined the statistics for  
3 Tuktoyaktuk?

4 A I have not examined the  
5 statistics for Tuk, no.

6 Q All right.

7 A No, I have not looked at  
8 anything more general than the Gemini data.

9 Q Yes. Now, if I could  
10 refer you to page 277 under item 6, second sentence:

11 "Crime rates appear to rise in response to  
12 an increase in development pressures, including  
13 increases in cash income from any source," --

14 A Sorry, I'm not with you.  
15 Under item which?

16 Q Item 6.

17 A On?

18 Q On page 277.

19 A O.K., yes.

20 Q

21 "Crime rates appear to rise in response to  
22 an increase in development pressures, including  
23 increases in cash income (from any source),  
24 population and exposure to the outside world."

25 Is that a statement with which you can agree?

26 A I think it's more complex  
27 than that. The data that I presented in my paper show  
28 a more complex picture, and so that's an over-simpli-  
29 fication that I would have difficulty in agreeing with.

30 Q So you would disagree with



Trusty & Hobart  
Cross-Exam by Bayly

1 the phrase "in response" and you might be prepared to  
2 say,

3 "Crime rates appear to rise in conjunction  
4 with an increase in development pressures."

5 You'd agree that there was a rise at the time there  
6 was development, according to the statistics.

7 A I would agree that there's  
8 a rise at the onset of development, yes.

9 Q Right. What you don't  
10 agree with is perhaps two things, (1) that it's caused  
11 by development, and (2) that it will continue to rise,  
12 with increased development.



Trusty & Hobart  
Cross-Exam by Bayly

1                   A     Definitely the latter,  
2     the former -- Yes, I think the causation complex, the  
3     causation factors are a bit more complex.

4                   Q     All right. Now, let's  
5     have a look at page 284, under the heading "Impact  
6     Statement, Item 2". "The increase of violence and  
7     assaults which are linked to liquor ordinance violations  
8     may be expected to increase under the impact, direct  
9     and indirect of the proposed pipeline and related  
10    developments." Is that a statement with which you  
11    agree on or disagree?

12                  A     Yes. I would agree if  
13    we say initially.

14                  Q     All right. Now, could  
15    you define "initially" for us, in either stages of  
16    development or periods of time?

17                  A     The point I would want  
18    to make is that the evidence appears to be that how  
19    long it takes to adjust appears to vary with different  
20    community context, so that "initially" in one community  
21    is not the same as "initially" in the other community.  
22    I'm wanting to say two things.

23                        It's not a straight line trend  
24    increasing indefinitely and when that increase pattern  
25    begins to change, appears, in terms of the data that  
26    I'm familiar with, to vary in different community  
27    contexts.

28                  Q     Can we expect then, and  
29    you can't predict this a hundred percent but can we  
30    expect that some communities will adjust and other





1 communities will not during the term of pipeline con-  
2 struction?

3 A What does "during the  
4 term of pipeline construction" mean?

5 Q Well, I'm thinking of  
6 the projected term that Arctic Gas has given us of the  
7 construction of the main trunk line. I believe that's  
8 three years plus one year to survey and prepare. Have  
9 I got the figures right Mr. Trusty?

10 WITNESS TRUSTY: Yes.

11 Q About four years.

12 WITNESS HOBART: Okay.

13 WITNESS TRUSTY: Three years  
14 of pipeline construction.

15 WITNESS HOBART: And your  
16 question again? I'm sorry.

17 Q My question was, can we  
18 expect that during that period of time there will be  
19 a range of reactions of communities, that some will  
20 adjust to this large development and others will not  
21 in that period of time?

22 A A range of reactions, yes.  
23 The further statement implies a bit more precision,  
24 explicitness of prediction, than I would feel comfortable  
25 in making, but a range of reaction, yes.

26 Q Yes. All right, can we  
27 isolate that to kinds of communities? Can you tell us  
28 what sorts of communities are likely to be impacted  
29 more than others? You may want to divide those into  
30 the centers of intense contact as opposed to those who



Trusty & Hobart  
Cross-Exam by Bayly

1 are on the periphery or there may be some other way  
2 of subdividing them.

3 A I don't think we know  
4 enough to make confident prediction at that point now.

5 Q Okay, would we know  
6 before it happened or would we only be able to see it  
7 as it's happening?

8 A I think it's the latter  
9 situation.

10 Q Yes. So, for an individual  
11 community to try and prepare for this in advance, may  
12 be very difficult. In terms of setting up whatever has  
13 to be set up, whether it's detoxification centres,  
14 recreation facilities, added hospital facilities, bigger  
15 jails.

16 A I see what you're getting  
17 into. I guess in terms of my fuller understanding of  
18 your question, I'd want to modify what I said a moment  
19 ago a bit.

20 We're essentially -- well, let  
21 me clarify. Easier question, asking essentially about  
22 the impact of wage employment, or is it talking -- is  
23 it asking about other kinds of -- is it assuming other  
24 kinds of impacts as well?

25 Q I'm assuming from your  
26 evidence, among other things that there will be other  
27 kinds of impacts as well, though we may differ in our  
28 belief as to what the degree of the secondary and tertiary  
29 economies will impact upon various communities.

30 What I'm trying to do, is I'm



Trusty & Hobart  
Cross-Exam by Bayly

1 trying to find out whether we can say about Inuvik or  
2 Aklavik, or Tuktoyaktuk, you can expect this kind of  
3 thing to happen, from what we know about you, and you  
4 should be prepared in the sense of recommending that  
5 certain things be done to cushion what we think are  
6 going to be the impacts.





Trusty & Hobart  
Cross-Exam by Bayly

1                   A     In the case of Inuvik  
2     it would be possible for somebody to study its  
3     recent history (all its history is recent) carefully  
4     in looking in the records which have been pretty  
5     carefully kept since 1959-1960, for impact indices  
6     correlating these with economic impacts which have  
7     been flown a bit over this period, and say that anti-  
8     cipating a certain level of additional employment  
9     in the course of <sup>a</sup>certain interval of time, yet we  
10    can -- these are the kinds of problems that will  
11    probably appear once again, and these are the kinds  
12    of prophylactic steps or facilities that should be  
13    expanded in order to cope best with those kinds of  
14    problems. I think that that kind of a venture would  
15    be a very useful venture.

16                   Q     O.K., now when you  
17    say "a useful venture" I take it that means that  
18    it's a question that you can't reply to now, you'd  
19    have to examine the picture for each community's  
20    recent history and extrapolate from that, superimposing  
21    the plans of both applicants.

22                   A     Yes.

23                   Q     But that's something  
24    that wouldn't have to wait until the construction  
25    began, it could be done by government or industry or  
26    native organizations prior to that.

27                   A     Yes.

28                   Q     Now let me direct your  
29    attention to page 290 of the Gemini North report,  
30    under item (c), around the middle there's a sentence



FURLEY & ROBERT  
Cross-Exam by Bayly

1 that begins:

2 "Antagonism towards the white entrepreneur  
3 in the north will probably increase under  
4 the impact of the proposed pipeline develop-  
5 ment, probably because people in the settlements  
6 feel unprepared to take advantage of the  
7 opportunities opening to them and fear an  
8 influx of white which will alter the ethnic  
9 base and physical structure of the smaller  
10 communities."

11 Now, without repeating the answer to the first question  
12 we went into this morning, would you agree that in  
13 the absence of some kind of either land claim or scheme  
14 as you propose, we're going to be faced with this kind  
15 of antagonism.

16 A Definitely.

17 Q Now, at page 292,  
18 "Gemini North said in its impact statement at the top  
19 of that page:

20 "It is sad, but it is a sad but inescapable  
21 fact that relationships between whites and  
22 natives in the study region have deteriorated  
23 under the impact of development in the last  
24 few years."

25 Now, perhaps leaving aside this special kind of  
26 camaraderie that may exist within a small unit like  
27 a drilling crew, would you agree with this statement?

28 A Yes. I've not done the  
29 independent research that would qualify me to say that  
30 I have a research base for the opinion; but my more



Trusty & Hobart  
Cross-Exam by Bayly

1 general acquaintance would ---- On the basis  
2 of that, I would say "Yes". With the exception that  
3 you noted, I would want to distinguish between what  
4 has happened in work situations and what has happened  
5 in community situations.

6 Q And I take it that more  
7 work, more development by itself is not going to  
8 change that. That has to go hand in hand with some  
9 of the steps that you've suggested in the answer to  
10 the first question this morning.

11 A Exactly.

12 Q Now, turning to page 8,  
13 back to page 8 of your second piece of evidence, I  
14 note in your concern for the ability of native people  
15 and in particular Eskimos who live farther north  
16 perhaps than Indians do, that you see problems with  
17 24-hour daylight and work schedules, and I assume  
18 that's unless people are kept in camps where a bell  
19 wakes them up.

20 A Yes, I had in mind the  
21 community situation when I wrote that paragraph.

22 Q Yes, right, and I gather  
23 that's not a problem in winter construction seasons in  
24 the same way. May I suggest to you that the schedules  
25 in communities may not be dictated by either light or  
26 dark, but just perhaps by the fact that people have  
27 different internal time clocks that they keep pace by.  
28 So it may be more complex than just placing them into  
29 a more structured situation.

30 A Yes, I agree.





Trusty & Hobart  
Cross-Exam by Bayly

1 Q I went into this slightly  
2 before. You had said that some of the problems that  
3 may cause abuse of alcohol are smaller houses -- over-  
4 crowded houses and lack of recreational facilities that  
5 aren't associated with alcohol. Do you have any  
6 indication that since the '60's, now that housing is  
7 becoming more adequate, -- people are moving out of  
8 matchbox houses and into three, four and even some  
9 five bedroom houses -- that that is changing the picture?  
10 Or are there other things in it that are keeping  
11 alcohol problems at a fairly high level?

12 A No. It's not changing  
13 the picture, in the context of housing. There are still  
14 high levels of crowding in many communities because of  
15 the way the number of surviving babies in a family  
16 increased very rapidly during the '60's. So that  
17 crowdedness in housing is still relevant.

18 Beyond that, I am not sure  
19 I can comment generally.

20 Q All right. What I am  
21 concerned with is that seizing upon this problem, it  
22 might be possible for a benevolent government to say  
23 "O.K., well let's build bigger houses and recreation  
24 halls with movies and ping pong tables." I am suggesting  
25 to you that that by itself might be an expenditure  
26 that wasn't wise, because it just wouldn't solve the  
27 problem by itself.

28 A No. I would agree. Well,  
29 I would say that nobody knows the solution as of now.

30 Q Yes. What you've isolated



Trusty & Hobart  
Cross-Exam by Bayly

1 are two of the problems that may contribute to excessive  
2 use of alcohol in a general way in this region?

3 A Yes.

4 Q Going to page 24, you've  
5 referred to the Alaska situation and you state if I  
6 can paraphrase it, that although many native peoples are  
7 interested in pipeline employment, they appear to be  
8 strongly oriented towards the less highly remunerative  
9 but nevertheless more permanent employment opportunities  
10 available with native corporations. I gather this is  
11 related to your feeling that native people should have  
12 a meaningful piece of the action, that they will be  
13 able to contribute through business opportunities that  
14 may go on after construction is finished to the entire  
15 picture rather than just lining up. Some of them will.  
16 Rather than exclusively lining up for jobs on the  
17 construction on the pipeline.

18 A Yes.

19 Q Now, as I understand,  
20 one of the problems with implementing some of the  
21 programs under the Alaskan settlement, the time lapse  
22 between the setting up of native corporations, regional  
23 corporations, etc., was not sufficient to entrench  
24 people in employment with those corporations even to  
25 implement programs they wanted to implement. They find  
26 that they need to compete with the pipeline that came  
27 on very quickly thereafter for employees.

28 A You may understand that  
29 yes.

30 Q Do you understand that to



Trusty & Hobart  
Cross-Exam by Bayly

1 be the situation?

2 A I have not been able to  
3 make any personal investigation of that. What I have  
4 read -- what I understand is what I have read and  
5 some discussions that I have had with several people  
6 who were familiar with this situation. On the basis  
7 of that, my understanding is there has been some  
8 competition but that a frequent pattern has been the  
9 preference that I allude to in the testimony.

10 Q Yes. This raises, I  
11 suggest to you, the problem that the Commissioner left  
12 us with before coffee, being the implementation of a  
13 bureaucracy, either a corporate one or a quasi-government-  
14 al one to implement land claims. These are difficult  
15 things to do. They take some time in conjunction with  
16 the pipeline and the stresses it puts on available  
17 employment. That may be a factor that we have to  
18 consider in determining whether it will be possible  
19 to implement the three points and now the fourth that  
20 you have suggested are prerequisites to having a  
21 successful pipeline and a happy and contented group of  
22 people in the Mackenzie Valley.

23 A The answer obviously  
24 depends upon the timing.

25 Q Can you suggest a timing  
26 to us in broad terms anyway that might make sense to  
27 you?

28

29

30





Trusty & Hobart  
Cross- Exam by Bayly

1                   A     I've really not thought  
2 through that to the point where I would feel that my  
3 opinion would be any more valid than anybody sitting  
4 in the back of the room, for example.

5                   Q     All right. What I'd like  
6 you to do, if your counsel agrees with this, is to  
7 direct your thoughts to this matter and if you do have  
8 some opinion that you feel would be of value to this  
9 Commission, to give us a letter through your counsel  
10 with regard to that.

11                   Mr. Steeves, do you have any  
12 objection to that?

13                   MR. STEEVES: I beg your pardon?

14                   MR. BAYLY: What I have asked  
15 Mr. Steeves, was whether or not Dr. Hobart had an opinion  
16 about the time lapse that would be required to implement  
17 his four points prior to construction. He said he didn't  
18 have any thoughts except some off the top of his head  
19 now, but he would be willing to think about it and  
20 pass through you, by the way of a letter, his thoughts  
21 on that.

22                   MR. STEEVES: No objection  
23 at all.

24                   MR. BAYLY: No objections, sir?  
25                   THE COMMISSIONER:  
  I have no objections  
26 at all to that.

27                   MR. BAYLY: Thank you.

28                   THE COMMISSIONER: Before we  
29 leave the subject, can you tell me what your fourth  
30 condition is?



1                   A     It was -- I'm sorry,  
2     I have it in mind, but it didn't come through in my  
3     examples, certainly. In the context of what would  
4     probably be necessary to safeguard native people against  
5     feelings of bitterness, and the one that I did mention  
6     was the financial aspect, and the one that I did not  
7     mention is the control aspect.

8                   The reason I anticipate a  
9     -- I would anticipate a frustration and bitterness  
10    reaction in both cases was because southern white land  
11    owners, prior to a certain date had both, in the case of  
12    sub-surface mineral rights and so on, to my understanding.  
13    Does that clarify it?

14                   Q                   No, but I  
15    guess I misunderstand you. You proposed three measures  
16    yesterday, what is the measure that you have now  
17    proposed as a fourth?

18                   A     Well, my third condition,  
19    as I think I tried to say was, -- and I stated them  
20    in the forms of conditions, if, and if, and the third was,  
21    if it is possible to assuage was, I think the word I  
22    used, the bitterness potential and so on, which would  
23    result from feeling ripped off by -- and I should have  
24    had A and B there, by on the one hand, guaranteeing a  
25    financial return and on the other hand, giving them  
26    continuing control, because in the absence of -- in  
27    some areas, because in the absence of that, there would  
28    be the bitterness reaction I would anticipate. Does  
29    that come through clearly?

30                   Q

Yes. I think



1 I'm --

2  
3 A Does that come through.

4 Q Yes, it comes through,  
5 not altogether distinctly, but that's, I think, my  
6 fault not yours.

7 You're really saying a measure  
8 of control but you're not putting it any more specifically  
9 than that, am I --

10 A Agreed. Because I have  
11 very much in mind, at this point, Mr. Thompson's testimony  
12 which implies, I gather, almost infinite divisibility  
13 and accordingly that gets into issues that to me seem  
14 to be quite technical and way beyond my --

15 Q Yes. Well, I think you've  
16 helped us out as much as you can on that.

17 MR. BAYLY: Could I turn to  
18 another matter then, Dr. Hobart? You've talked at both  
19 pages 28 and page 37 of your panel four evidence to the  
20 compatability of industrial employment with participation  
21 in the traditional sector, and you've outlined ways in  
22 which this could be accomplished in terms of rotations  
23 and this sort of thing. Would you be prepared to  
24 accept that this compatability, whatever the sociological  
25 truth of it rests on the assumption that increased  
26 industrial activity will not harm the land based  
27 resources, those are the renewal, harvestable resources.





Trusty & Hobart..  
Cross-Exam by Bayly

1                   A     Again there should be a  
2     qualifier. That is, I don't think I'd want to say  
3     "would not harm any at all of the land based resources.  
4     But that most of the land based resources would persist  
5     unharmd. Yes.

6                   Q     Yes. I'm not saying that  
7     you can do it without cutting down a tree or --

8                   A     Yes, sur.

9                   Q     -- running over a fox  
10    but that the populations will remain intact. That's  
11    a basic assumption.

12                  A     Sure. Sure.

13                  Q     Now, if I understand your  
14    overview statement on the comments that you made  
15    about it, you used the research from a variety of  
16    anthropologists and sociologists to demonstrate that  
17    the traditional sector by itself is not viable in the  
18    Mackenzie region anymore, and that the native people  
19    have shown through surveys and in other ways, the  
20    "voting with their feet" method that you talk about,  
21    a desire for wage employment.

22                  A     Yes.

23                  Q     And that this research  
24    is research that has been conducted over the past 16  
25    years. Right? I'm trying to get your answer on to  
26    the record.

27                  A     Yes.

28                  Q     Yes. Now, your reason  
29    for using mainly research conducted in the '60's was  
30    that in your opinion, that did not have in it any of



Trusty & Hobart  
Cross-Exam by Bayly

1 the inherent problems that the researchers of the '70's  
2 are influenced on one side or the other by the pipeline  
3 debate issue?

4 A Yes. I have subsequently  
5 found some additional sources that I would be happy  
6 to present if you really wanted them presented.

7 Q All right. Unless they  
8 add anything, let's leave it at that in that area.  
9 What I'm concerned with is that we're now past the  
10 middle of the '70's and certain things may have changed.  
11 The evidence of some of the other people<sup>who</sup> albeit that  
12 they are influenced by the pipeline debate, whether they  
13 are Gemini North on one side or Peter Usher and Dr.  
14 Asch on the other.

15 Not today sir. They may be  
16 seeing things in the '70's that are actually changing  
17 people's attitudes for example towards their own  
18 culture. As you've said yourself in cross-examination,  
19 may be reawakening in a new way perhaps from the way  
20 people held on to things in the '50's and '40's.

21 A Yes. Would you mind being  
22 specific?

23 Q All right. Some of the  
24 examples you gave were that young people did not appear  
25 to want either to go back to their own little communities  
26 or to participate in what have become known as traditional  
27 activities; hunting, fishing and trapping. I'm going  
28 to suggest to you that because of some of the evidence  
29 we have heard from young people in the communities that  
30 (a) in the '70's although they may have even participated



Trusty & Hobart  
Cross-Exam by Bayly

1 in the surveys you speak of, some of them have gone  
2 back to their communities or to work for the native  
3 organizations that work in the communities, and others  
4 of them have as young people joined the Hunters and  
5 Trappers Association and have begun to relearn some  
6 of the skills that they may have abandoned in the '60's  
7 in favor of rock music and cowboy boots.

8 A That some people have  
9 done all of those things, I would certainly agree.  
10 The question becomes one of proportion. It's apparent  
11 from what I've said earlier how I read the proportions,  
12 I think. I could elaborate.

13 Q Right. Would you agree  
14 with me that a number of young people, even those who  
15 may have chosen the options that you suggest they did  
16 in the '60's, have added a dimension to their thinking  
17 in the '70's that they want the other options to be  
18 open both to them and their children in the future.  
19 They don't want to see themselves on a one-way street?

20 A That they want both  
21 options open is quite clear I think from my varied  
22 sources of information.

23 Q All right and that may  
24 be a change from the '70's when they may not have felt  
25 that way -- the '60's when they may not felt that way?

26 A I don't think so. I was  
27 involved in research at that time where I interviewed  
28 a lot of people and the parents. The parent's statements  
29 always were, "We would like our children to be able  
30 to do both". Two strings to their bow.





Trusty & Hobart  
Cross-Exam by Bayly

1 Q So you're saying that  
2 that has not changed now but that it may also -- that  
3 may have filtered down to the younger generation --  
4 that they also want to have both open because you  
5 don't stress that in the study that was done of the  
6 school children where they rejected hunting and trapping  
7 in favor of airline piloting and doctoring and lawyering.

8 A Yes. No, but not the  
9 one to the exclusion of the other is a theme which I  
10 have been aware of as long as I have had anything --  
11 done any work in the north.

12 Q Right. As it relates  
13 to the values of people, that is an important desire  
14 on their part and mustn't be overlooked?

15 A Yes. Maybe I should add  
16 that in the interviewing that I was doing during the  
17 '60's and so on, the land skills were seen as insurance.  
18 The picture has been the whites come and the whites go  
19 and their jobs come and their jobs go. We need the  
20 insurance.

21 Q Yes. Do you feel that  
22 hasn't changed then in the '70's except that it may  
23 be being articulated by young people?

24 A I don't have any feeling  
25 whether the insurance rationale persists today among  
26 young people or not. I can't comment.

27 Q O.K. Well, getting at  
28 this another way. On the fourth page of your phase  
29 four -- your panel four evidence --

30 A The overview or the --



Trusty & Hobart\_\_  
Cross-Exam by Bayly

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Q The other one.  
A The second thing?  
Q Yes.  
A Yes.



Trusty & Hobart  
Cross-Exam by Bayly

1 Q You suggest as long as  
2 a confident expectation exists that positions and earning  
3 enabling many native people to enjoy a newly viewed  
4 lifestyle will become available. As long as those exist,  
5 the potential for negative reaction, because of relative  
6 deprivation will be held in check. Now, what I'm con-  
7 cerned with is what evidence do we have that native  
8 people share the perspective that you and Mr. Trusty  
9 have that they will actually share? Because my reading  
10 of what we heard in the communities was different. You  
11 may be right, maybe they will be able to share but their  
12 perspective appears to be that with the exception of  
13 menial tasks, this opportunity will pass them by as  
14 others have.

15 A I'm sorry, I wasn't  
16 following. You will be able to share, were your words,  
17 in what?

18 Q In this new life style,  
19 in the acquisition of new skills, careers, opportunities  
20 for advancement in another society. You see, as long  
21 as the confident expectation exists, and what I'm con-  
22 cerned with is that you and Mr. Trusty may share a  
23 confident expectation which may prove to be right, but  
24 that it appears from the community hearings evidence  
25 that that confident expectation is not shared by all  
26 native peoples, that they feel they will be given menial  
27 tasks to perform, that the project will be over and that  
28 they will be perhaps worse off in some ways than they  
29 were prior to its commencement.

30 A Let me just read this thing





Trusty & Hobart  
Cross Exam by Bayly

1 for a moment.

2 Q All right.

3 A I'm not sure if you're  
4 asking me about this statement, the statement is not  
5 an empirical statement, it is a statement, if so and so,  
6 then so and so. So, I'm not making any predictions  
7 there.

8 Q So long as, means provided  
9 that.

10 A Right.

11 Q Yes. Now, let me have your  
12 opinion as to whether that does exist, having given you  
13 mine.

14 A My understanding of the  
15 orientation of many native people is that they are not  
16 as future oriented as whites are and accordingly, that  
17 they tend to orient <sup>more</sup> toward the immediately available  
18 opportunities than worrying where they will be five  
19 years hence, as compared with whites. On the basis of  
20 that understanding, I would think that the question of  
21 how long is the advancement ladder that opens up to  
22 you is a less salient preoccupation with native people  
23 than it is with whites, who, when they are being inter-  
24 viewed for a job, may inquire what the retirement  
25 benefits are.

26 Q Yes. We went into that  
27 deferred enjoyment phenomenon that we've been brought up  
28 with.

29 A Yes.

30 WITNESS TRUSTY: I'd like to



Trusty & Hobart  
Cross-Exam by Bayly

1 add a comment, Mr. Bayly, at this point.

2 Q Certainly, Mr. Trusty.

3 A You know, if one is looking  
4 at the different pieces of evidence on this question,  
5 I would suggest that one of the pieces of evidence was  
6 that of the Nortran panel, who noted that there are  
7 currently 400 applications for entry into the Nortran  
8 programme and it seems to me that that's a relevant  
9 piece of evidence about the desires or expectations of  
10 people that they can participate and that the avenues  
11 are there.

12 Q No doubt, and I'm not  
13 trying to wear blinkers on this and what I'm concerned  
14 with, following up from your question, and I'll refer  
15 to page 32 of this same piece of evidence, Dr. Hobart,  
16 where you suggest that native people are obviously happy  
17 to take advantage of employment opportunities, and that  
18 fits in with your last answer.

19 WITNESS HOBART: Yes.

20 Q What I'm concerned with  
21 is whether this is a matter of choice in what opportunities  
22 they take advantage of or whether they're very limiting  
23 in the choice of employment opportunities.

24 A To date, the opportunities  
25 have obviously been limited for large numbers of  
26 residents of the Northwest Territories, native people  
27 in the Northwest Territories.

28 Q Well, you see, Mrs. Cournoyea  
29 gave evidence before this Inquiry, in which she said that  
30 one of the problems was, a lot of peoples top expectation



1 of employment was that of a caterpillar driver or a  
2 truck driver. Not necessarily because they were suited  
3 to that or -- that they even wanted it, if they had  
4 a broader spectrum, but because their world view of  
5 jobs was pretty limited.

6 A I would certainly accept  
7 that.

8 Q Now, let's then, for  
9 the purpose of this discussion, acknowledge the need  
10 for wage employment. Do you have any opinions, taking  
11 the pipeline as only one of a spectrum of activities  
12 for which native peoples may, in general be adapted  
13 to, could you tell us what kind of employment, occupations  
14 you would think would be most suitable to native peoples  
15 aspirations at the present time?

16 A I wouldn't want to put  
17 them into boxes. I think that the range of educational  
18 exposure of native people, increasingly, will engender  
19 as wide a range of occupational interests increasingly,  
20 as is found in the south of Canada.

21 Q But will they have the  
22 same opportunities to use this diverse set of skills  
23 in what looks like <sup>what</sup> will become a single industry area  
24 for the next generation or two?

25 A From the basis of my under-  
26 standing, I would challenge the single industry from the  
27 -- from an employment perspective because of the multiplier  
28 effect notion.

29 I think that the operation  
30 of multiplier effect will be to increase pretty substantially  
the range of job opportunities available.





Trusty & Hobart  
Cross-Exam by Bayly

1                   Q     Going back to your three  
2 points again, given that native peoples have the  
3 ability to financially and with the proper expertise  
4 carry out other functions, either to service this  
5 industry or to service their own communities, you see  
6 the possibilities for a broader spectrum of employment  
7 opportunities.

8                   A     Yes.

9                   Q     Because as you probably  
10 know, one of the ways that this has been presented to  
11 people in the delta is that there are two options:  
12 (1) is the gas industry, and (2) the other one is welfare,  
13 in the initial attempts to put forward a regional plan.

14                  A     Yes. Well, insofar as  
15 that's the case, and I'm not -- I don't recall having  
16 seen something which would permit me to indicate that  
17 yes, that was the case. The situation to the present  
18 has been that the oil play has resulted in -- well, it  
19 hasn't had the range of impacts, of opportunity  
20 impacts, that a pipeline type development would open  
21 up.

22                  Q     Now, I gather from your  
23 earlier comments that pipeline work in itself -- that  
24 is the operations and maintenance work -- may not fit  
25 into the kinds of orientations of native peoples  
26 generally in the Mackenzie region. In other words,  
27 the people who do the operations appear from Mr.  
28 Carlson's evidence to be very career-oriented types of  
29 people. They're looking to move up the ladder to take  
30 advantage of opportunities, to be happy in the gas



Trusty & Hobart  
Cross-Exam by Bayly

1 industry and according to what you've had to say about  
2 just going and taking a job without worrying about  
3 whether the company provides retirement benefits or  
4 not, they may not be looking at that sort of thing.

5 A I would have to say that  
6 it's a mixed picture. Where the generation is that  
7 is coming out of school today and last year and five  
8 years hence is, that I'm not really sure. The more  
9 acculturation (if you'll pardon the word) takes place  
10 in the Northwest Territories, as per education, tele-  
11 vision, interaction with whites, etc., the more the  
12 future orientation characteristic of the south will  
13 become apparent in the north.

14 Let me illustrate that to  
15 the point of saying that there is evidence around that  
16 the old sharing motif, when it comes to canoes and  
17 skidoos and so on, is becoming attenuated insofar as  
18 people begin to realize some people are bloody careless  
19 with that equipment and so the -- there are cases then  
20 where people refuse the loan of a machine that a few  
21 years earlier would have been freely granted because  
22 of the, "Hey, wait a minute, I lend it to him and he  
23 may well wreck it up," kind of thing.

24 So that there is increasing  
25 future orientation consciousness, and that means that  
26 it's a very dynamic picture in this respect in particular,  
27 it seems to me.

28 Q Isn't one of the gaps  
29 that can be identified between those people who may  
30 be coming out recently of hunting, fishing and trapping



Trusty & Hobart  
Cross-Exam by Bayly

1 activities into the kind of industry that builds and  
2 maintains pipeline facilities, that they come out of  
3 a situation where they're working for themselves largely  
4 into one where they're working for an organization over  
5 which they have virtually no control, and that's  
6 something which we may accept but which may be very  
7 difficult for an employee to accept if he's never done  
8 that before.

9 A Surely.

10 Q All right, and their  
11 only experience with this kind of thing may be on  
12 DEW Line projects and other say mines at Rankin Inlet  
13 kinds of situations that historically haven't worked  
14 out very well for them.

15 A Yes. I think I should  
16 add, however, that hiring people out of labor pools  
17 is a very nice bridging kind of experience where  
18 they want the autonomy, they cannot gather the job  
19 for a while, and re-experience and enjoy the autonomy  
20 and when they want back in the job they can opt in  
21 again, and the labor pool builds in that kind of  
22 flexibility, which is very important, I know, in terms  
23 of the Coppermine experience.

24 Q O.K., and for those that  
25 don't even want that much, I suggest to you this is  
26 why we've heard a lot of people saying, they want to  
27 control their own economy, whether it's in the crafts  
28 industry or the sale of fish or whatever.

29 A Yes.

30 Q Now, on page 7 of your





Trusty & Hobart  
Cross-Exam by Bayly

1 second piece of evidence here, you take note of the  
2 phenomenon of family breakdown and what I'm concerned  
3 with is whether in your opinion industrial employment  
4 on the pipeline and related facilities is going to  
5 improve that? Why I'm concerned, just while you're  
6 thinking about it, as I understand one of the features  
7 of industrialization is that there may be breakdowns  
8 in extended families, whether they are nomadic  
9 or whether they are farm families or whatever, in that  
10 industrialization depends on a fairly mobile work  
11 force, a work force that goes to where the jobs are.  
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Hobart & Trusty  
Cross-Exam by Bayly

1                   A     So you're putting to me  
2     that industrialization requires mobility, and mobility  
3     will break down the extended family. Is that the  
4     proposition you're putting to me?

5                   Q     Yes, and whatever is left  
6     of it in the communities. Now, I know your position  
7     that things are as bad as they can possibly get in that  
8     area.

9                   A     Well I would simply  
10    remind you of Professor -- Dr. Asch's testimony -- that  
11    welfare had undercut the basis of the extended family  
12    and eroded it, so that Asch and I would agree I think  
13    that we're not talking about a scene from which the  
14    extended family pattern or aspects of the extended  
15    family have completely disappeared. Not at all.  
16    We're not talking about the traditional strong and  
17    viable one. We're talking about something in between  
18    them.

19                  Q     Well, may I suggest to  
20    you we may be talking about something new that is an  
21    adaptation of that to living in communities as opposed  
22    to living in bush camps.

23                  A     Fine. Yes. That in  
24    modified form, it has viability and significance in  
25    community life today. Yes.

26                  Q     From what we heard from  
27    you and Mr. Trusty, it may be necessary for those  
28    employees who want to continue their careers with  
29    Arctic Gas to move into certain centers in order to  
30    carry out their duties. You've suggested that the four



Trusty & Hobart  
Cross-Exam by Bayly

1 main communities would be ones into which people  
2 might be encouraged to move if they opted for certain  
3 kinds of operations and maintenance jobs.

4 A My understanding is that  
5 there will be rotation employment possibilities or  
6 opportunities and there will be relocation employment  
7 possibilities or opportunities. So that there is a  
8 choice there I think.

9 WITNESS TRUSTY: To make it  
10 very clear Mr. Bayly, our evidence is that in the early  
11 stages, the requirement for personnel to live in the  
12 communities will be restricted to very few. Those  
13 people in the very senior positions in operations of  
14 the pipeline would be required to be located at  
15 district headquarters. The time period over which one  
16 phases to a position where everybody is living in those  
17 district headquarters may be quite extended and will  
18 certainly have an element of choice associated with  
19 it.

20 Q Yes. I understand that.  
21 I also understand that from Mr. Carlson, we may be  
22 looking at a ten to 15 year period before those people  
23 who have come from the south and in a lot of skilled  
24 positions are replaced by people who either came up to  
25 make their homes here or were here before the thing  
26 started.

27 A That's what Mr. Carlson  
28 said. That's right.

29 Q You'd agree with that?

30 A Yes.





Trusty & Hobart  
Cross-Exam by Bayly

1 WITNESS HOBART: Let me add  
2 that the kinship networks in the delta and through  
3 the middle Mackenzie and so on, extend quite widely.  
4 So the idea of a flexible extended family which does  
5 not necessarily mean that you relate to, that brothers  
6 related, or that brothers-in-law relate or that sort  
7 of thing. It means that it's entirely possible --  
8 probable -- that a worker from Tuktoyaktuk who decides  
9 to move to Inuvik, his prior more intense co-operative  
10 and so on relationships with his relatives in Tuk are  
11 attenuated but they don't disappear. But his kinship  
12 ties with people in Inuvik become much more relevant  
13 in the change context and take up the slack some, as  
14 it were.

15 Q Right. Now, let's look  
16 at it from the community's point of view. Assuming  
17 that the ties will still be there but that people will  
18 be going away to work, either those who in small numbers  
19 at first and greater numbers later on, move into the  
20 main centers or those who just go to the camps to do  
21 their work.

22 The communities may be concerned  
23 with who is going to run community affairs when a  
24 large percentage of the able bodied mature men are  
25 absent for significant periods of the year. Do you  
26 see that as a problem from a community's point of view,  
27 quite apart from its influence on individual families.

28 A Are you talking about  
29 the responsibilities and activities in the community for  
30 which men are paid? Or are you talking about responsibilities



Trusty & Hobart  
Cross-Exam by Bayly

1 and activities for which men are not paid?

2 Q I think these days, we  
3 have to look at both. There will be the membership  
4 for example of the Hunters and Trappers Association  
5 for which people are not paid, but there may also be  
6 the community council positions and the labor jobs that  
7 go along with them for which they may not be paid.

8 A With respect to the  
9 paid ones, the Canadian evidence that I am familiar  
10 with shows that people simply far and away prefer the  
11 paid permanent employment in the settlement to the  
12 either seasonal or short-term employment available  
13 elsewhere on oil rigs and that sort of thing. I would  
14 extrapolate from that to the pipeline. I think that  
15 the -- I would not anticipate that there will be a  
16 very large exodus at all of school janitors and, you  
17 know, all the people from the regular permanent paid  
18 positions, no, to --

19 With respect then to the  
20 volunteer activities, if we're talking about rotation  
21 kinds of situations, that problem to some extent exists  
22 now in terms of people who are out on traplines and  
23 people who are away on employment rotation and so on.  
24 All I can add is that in Coppermine at the end of the  
25 first year of employment of Coppermine men by Gulf,  
26 this concern was expressed by community council people.  
27 At the end of the second year, there was no concern  
28 and when we tried to broach it with community council  
29 people, they weren't even interested in talking about  
30 I couldn't understand and can't understand yet --



Trusty & Hobart  
Cross-Exam by Bayly

1 took the attitude. But they simply said, "no problem".

2 Q Now, with regard to  
3 area  
4 communities in the production, I take it you have to  
5 look at the magnitude of this situation in different  
6 terms in Tuktoyaktuk and Aklavik for example, in that  
7 there will be pressures on people there to take jobs  
8 in the exploration and in the production part of the  
9 oil industry. It may be that at certain times the  
10 community is virtually empty of able bodied men with  
11 the exception of those that you say will probably stay  
12 in the community service jobs for which they are paid.

13 A I don't think my scenario  
14 agrees with yours.

15 Q Well let's look at it  
16 this way because trapping isn't something people do  
17 on a rotational basis the same way. There are times  
18 that you do trap and times that you don't.

19 A Agreed.

20 Q Or dark periods and cold  
21 periods when nobody goes out.

22 A Agree.

23 Q There are break-up and  
24 freeze-up periods when nobody goes out and there is  
25 the summer when the fur isn't any good. There are  
26 large and lengthy periods when people are around the  
27 community. They may be doing odd things to fix up  
28 their equipment, but there's a pool of people there for  
29 get-togethers, whether they be political meetings or  
30 meetings to decide on how to approach industry when they  
come in for a discussion, etc. I'm suggesting to you





Trusty & Hobart  
Cross-Exam by Bayly

1 that that pattern may be disrupted especially in those  
2 communities where not only the pipeline but the related  
3 exploration and development activities are the most  
4 intense.  
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Trusty & Hobart  
Cross-Exam by Bayly

1                   A     Let me make about three  
2 points why my scenario is different from yours. The  
3 first is that Arctic Gas has said that they would negotiate  
4 the rotation schedule with the individual, within limits  
5 of reasonable transportation patterns, and so where there  
6 was a community concern of the kind that you're mentioning  
7 the community could agree, we want our men rotated on  
8 a certain kind of pattern, for example, which would  
9 meet the kind of community need situation that you're  
10 applying here.

11                   The second point, of course,  
12 'is that the construction season would be only five  
13 or a bit more than five months, is my understanding,  
14 so that we are talking about approximately seven months  
15 when this kind of impact would not transpire.

16                   The third is that the support  
17 facility -- that's not putting it very well, but kind  
18 of employment, support services, kind of employment,  
19 would at least, to some extent, be community based and  
20 so along with the expansion of employment opportunities  
21 away from home, there would be in many communities,  
22 some distinct expansion of employment opportunities  
23 in the home community, and you put those three things  
24 together and it seems to me that it responds to the con-  
25 cern that you're expressing here.

26                   Q     Now, fundamental to the  
27 discussion I think that we've just been having and  
28 to the acceptance of projects by native peoples, I  
29 think revolves around a comment that you made on page  
30 14 of your first piece of evidence, where, if I can just



1     paraphrase that --

2                             A     Page 14, just let me get  
3     it, if you don't mind.

4                             Q     YOu imply that a lot  
5     of the problems that are being experienced in the  
6     Mackenzie are caused by the fact that white people  
7     are perhaps too insensitive or     prejudiced against  
8     native peoples, and what I want to ask you about is whether  
9     you see any fundamental conflicts between the two  
10    societies, which, regardless of whether people are  
11    racist or not, they may not share the same values and  
12    objectives, and that to integrate or assimilate involves  
13    one society's subordinating its values and its objectives  
14    to those of the other, and that these are going to  
15    cause conflicts no matter how understanding people try  
16    to be to each other.

17                            A     Yes. I would definitely  
18    agree that there are differences in values, in perspectives,  
19    in assumptions about how one relates to nature and some  
20    things of that sort. Those are much more pronounced  
21    with the grandparental generation than they are in the  
22    parental generation. They are more pronounced in the  
23    parental than in the offspring generation.

24                            As contact has increased,  
25    awareness of the other groups perception and this has  
26    been pretty much one sided. It's involved much more  
27    of native people learning about white perceptions and  
28    so on, than of whites learning about native perceptions  
29    because of high turn-over rates among whites in the  
30    north and that sort of thing, but nevertheless, the problems





Trusty & Hobart  
Cross-Exam by Bayly

1 in this area have become far fewer, more recently, given  
2 the small proportion of elderly people and the large  
3 proportion of young people, but problems of that sort  
4 exist, I agree.

5 Q Yes. One of the concerns  
6 I have and I'm trying to, in your terms, analyze what  
7 we've heard at the community hearings, is that the  
8 gentler views came from the older people and the more  
9 militant views seemed to come from the younger and  
10 younger people until you get down to sort of, you know,  
11 older teenagers.

12 A Yes.

13 Q It appears to be the  
14 reverse of what you've said, at least in the way they  
15 voice their opinions.

16 A I've not read most of  
17 that. There are certainly differences in style of  
18 address. That is, patterns of aggressive address were  
19 not characteristic of the older generation, you're  
20 probably familiar with Jean Briggs book, "Never in Anger"  
21 which is a very eloquent title, descriptive of the  
22 nature of interaction among traditional peoples.

23 Now, the younger generation have  
24 learned our habits of much more aggressive forms of  
25 expression, I would say.

26 Q All right, having learned  
27 those, they must mean something though. If somebody  
28 speaks in this fashion, what are we to take from it?  
29 That he means it or that he doesn't mean it?

30 A Well --



Trusty & Hobart  
Cross Exam by Bayly

1 I wasn't meaning -- I  
2 understood your comment to be, that the fact that there  
3 are these differences in style means something, and what  
4 I meant to be saying was that perhaps they have the  
5 same strength of sentiment, but the one expresses it,  
6 never in anger, the other expresses it vehemently.

7 Q All right. So, it may  
8 be that where we have heard that range of style of  
9 presentation, we can still accept that there may be  
10 strong feelings from all age levels and generations  
11 of people and that doesn't mean that everybody feels  
12 strongly, but from all these age categories, there are  
13 people who feel very strongly.

14 A There are some people who  
15 feel very strongly, would definitely appear to be the  
16 case from the community evidence.

17 Q Now, going on from this,  
18 on your second piece of evidence, at page 15, you refer  
19 to the failure of native peoples to compete, and what  
20 I'm concerned with is your opinion as to whether one  
21 peoples will refuse to compete on another cultures' terms,  
22 and we may be seeing that phenomenon in some of the  
23 interactions between people, of opting out of competing  
24 on our terms.

25 A I'm sorry, I'm not sure  
26 I understand your question.

27 Q All right, let's have a  
28 look at this passage.

29 "Nevertheless, we feel we must anticipate that  
30 the non-competition pattern will continue to be



1 the norm."

4 and then farther up,

3 "Natives in the past have typically tended to  
4 back away from competition with whites and to  
5 drop out rather than risk competition or  
6 confrontation, as the histories of Inuvik  
7 and other northern communities having many  
8 non-natives show."

9 Now, is that something that  
10 you can cure by giving greater job opportunities or is  
11 it a phenomenon that may be related to the unwillingness  
12 of Inuit and Dene to compete in somebody else's terms?

13 A Yes. Now, what page  
14 were you on because I went on, as I recall --

15 Q 15.

16 A 15?

17 Q That's where it begins.

18 A And where on the page?

19 Q You see, your answer seems  
20 to be in terms of resources to compete.

21 A You've switched books on  
22 me.

23 Q Oh, I'm sorry, yes, it's  
24 part two.

25 A Yes. Now, let me just  
26 note that when I read this in, I added "we must antici-  
27 pate conservatively, I think". That is, on the one  
28 hand, I think you have to acknowledge that the kinds of  
29 things which resulted in younger people speaking more  
30 vehemently than their elders means that the non-competition





1 pattern is eroding as well, but I don't want to leave  
2 it lay at that. What I want to say, that that non-  
3 competition will persist enough that it's a matter of  
4 concern and then in the next paragraph I went on to say,

5 "The answer, I think, lies in ensuring that  
6 native people have sufficient resources at  
7 their disposal at the time that pipeline  
8 construction activity begins in the north,  
9 to enable them to buy, develop and control  
10 a substantial proportion of the development  
11 action that will surely mushroom at that  
12 time."

13  
14 So that instead of being in  
15 a disadvantaged position, that they are in a position  
16 to compete. Okay.

17 Now, I hadn't thought of it  
18 in that context, so that I think that there are differences  
19 between social competition, of the kind that was seen  
20 in Inuvik and that native people dropped out, they would  
21 not compete when whites came in, native people tended  
22 to pull out of organizations and that sort of thing,  
23 and that's what I had in mind when I wrote the preceding  
24 paragraph.

25 That when it comes to -- well,  
26 white trappers in Aklavik were in competition with  
27 native trappers in Aklavik, economically speaking. I  
28 don't have any indication that native trappers dropped  
29 out of trapping because they were faced with white  
30 trapper competition, aggressive competition though, that  
frequently was. And so I guess I would argue by analogy



Trusty & Hobart  
CROSS-Exam by Bayly

1 there, that when we're talking about economic competition,  
2 when there is native people set up a business venture  
3 and then they find themselves competing for contracts  
4 with white business ventures, that they would not show  
5 the same kind of pattern, no doubt in part because they  
6 would have some white business consultants, at least  
7 initially, or something like that, but I guess basically  
8 my feeling is that it's personal competition that  
9 people tend to withdraw from, and business competition  
10 tends to be impersonal competition, and I think that  
11 that is the crux of the difference.  
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Trusty & Hobart  
Cross-Exam by Bayly

1                                   Q     Where I'm concerned is  
2     that what you've equated is white trappers coming into  
3     a situation where native people trapped pretty well and  
4     had for a long time, knew the bush, and that kind of  
5     competition didn't affect them much one way or the  
6     other. What you're suggesting, as I understand it, is  
7     that native people can do the same thing as white  
8     trappers by stepping into the dominant society, that  
9     I think you have agreed that we should call it that  
10    for this purpose, forming a corporation and starting  
11    a business to compete with other businesses in the  
12    area to provide services and goods for a large opera-  
13    tion. Now, I think I see your reason for equating  
14    the two, but what I'm concerned with is where the  
15    subservient culture moves into the dominant one, and  
16    it may be a different kettle of fish.

17                               A     Well, my response is that  
18    the Alaskan example clearly shows, I think, that native  
19    corporations are making a lot of use of white consul-  
20    tants, and surely any native business venture being  
21    established where people did not already have the  
22    expertise in that particular area would hire very  
23    effective white spokesmen, and I would point out that  
24    the native organizations have certainly done this.  
25    They have not recoiled from competition with Arctic  
26    Gas over the pipeline issue. They have hired some  
27    very effective white spokesmen, and one is sitting  
28    beside you, on their behalf.

29                               I would think that that is  
30    an adequate analogy to the context that you're addressing.





Trusty & Hobart  
Cross-Exam by Bayly

1 Q But you don't see that  
2 perhaps as a --

3 A I beg your pardon?

4 Q -- as sort of a  
5 necessary evil, (maybe that was too strong a word to  
6 characterize it) but faced with this kind of  
7 situation you do what you have to do. It may not be  
8 ideal. What I'm concerned with, and I think the  
9 Alaskan situation has brought this up, and we've heard  
10 from another panel brought by Arctic Gas, that the  
11 native claims settlement in Alaska has been a gold  
12 mine for the Seattle consultants. Now, I don't know  
13 if I were a native person or a native organization  
14 that I'd want to be seen as a gold mine, because I  
15 think that that may be the way that people feel they'd  
16 be seen in another context by other white people.

17 A There are other possi-  
18 bilities. I had a very interesting two-hour discussion  
19 the last time I was up here one morning with people  
20 in economic development, and we were addressing exactly  
21 this issue, and we talked about the possibility of  
22 -- what's the outfit that sends Canadians overseas  
23 to help underdeveloped countries?

24 Q That's --

25 A CUSO.

26 Q -- CUSO.

27 A A kind of a CUSO for  
28 retired business men which would give them an  
29 opportunity to donate consultant help free to native  
30 enterprises which were developing. There are a lot of



Trusty & Hobart  
Cross-Exam by Bayly

1 possibilities, is what I want to suggest; and again  
2 I would refer to the fact that the hearings in the  
3 south showed a very great deal of interest in support  
4 for native causes among southern whites, and there  
5 would be very great willingness on the part of many  
6 people to donate such help, and we're talking there  
7 about people whose goal is to work themselves out of  
8 a job.

9 Q But it is essential to  
10 that issue, of course, being able to control the  
11 situation that you get too many too ambitious white  
12 consultants into a native organization, you may lose  
13 control.

14 A Well, the control would  
15 always lie in the Board of Directors, I would think.  
16 Certainly it is a case in the case of the native  
17 corporations in Alaska that the Board of Directors is  
18 a native group.

19 MR. BAYLY:

20 Now, Mr. Commissioner,  
21 it's 12:30. I'm in your hands, or you're in mine, I  
22 guess. I have --

23 THE COMMISSIONER: We're both  
24 in good hands.

25 MR. BAYLY: I have three or  
26 four more questions for Dr. Hobart and three pages of  
27 fairly specific questions for Mr. Trusty. I would --  
28 can I guess -- I'd like to look this stuff over and  
29 see how much of it I have to ask.

30 THE COMMISSIONER: Right. Well,  
why don't we start 15 minutes early, say at 1:45, and



Trusty & Hobart  
C ross-Exam by Bayly

1 if you're another 45 minutes, then that would leave  
2 you time, would it, Mr. Roland ?

3 MR. ROLAND : I'd appreciate  
4 it.

5 THE COMMISSIONER: Well, we'll  
6 adjourn then.

7 (PROCEEDINGS ADJOURNED TO 1:45 P.M.)  
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Trusty & Hobart  
Cross-Exam by Bayly

1 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

2 THE COMMISSIONER: All set  
3 Mr. Bayly.

4 MR. BAYLY: Dr. Hobart, in  
5 your first piece of evidence at page 15, you refer to  
6 the partnership development approach or developmental  
7 approach, would you say that the community hearing  
8 evidence that we have heard to date shows any indication  
9 that native people have noticed or appreciated the  
10 existence of this partnership approach?

11 WITNESS HOBART: I have not  
12 gone through all of the community hearing evidence  
13 by a long shot. It's my strong impression that the  
14 majority of people who spoke at community hearings were  
15 older people rather than young people. Given my interest  
16 in the demographic structure of the population, --  
17 well, I am simply interested in that fact. But of what  
18 I have read, I have not seen indication of the partner-  
19 ship approach as you say. So, I would agree the answer  
20 appears to be no.

21 Q Yes. I am a bit concerned  
22 about your definition of "partnership" because it  
23 appears that there are people participating in develop-  
24 ment. They are working on the oil rigs, driving  
25 trucks for the various companies or equipment operators.  
26 This sort of thing. But I find that hard to characterize  
27 as a partnership in the terms that I understand that  
28 word.

29 A Yes. Well, definitionally,  
30 I would say that a partnership may extend from 1%



1 ownership, ergo influence, to 50:50 ownership, ergo  
2 influence. What I really meant to call attention to  
3 in this section was that by contrast to earlier times  
4 when unilateral decisions were made, and there have  
5 been recent examples of unilateral decisions. The  
6 go ahead on the Mackenzie highway was obviously an  
7 example of that. There are other examples. I mentioned  
8 some in the testimony which involve much more of a  
9 consultation process that I chose to label a more  
10 partnership approach.

11 Q All right. So there is  
12 -- and I think we all recognize this consultation now  
13 in a number of areas where it didn't exist before.  
14 Now, if we recognize that as what you include in  
15 "partnership" can I take it that you recognize on  
16 your part, the problems involved in being a partner  
17 who only gets to view the plan after it has been con-  
18 ceived, as opposed to one who is in on the planning,  
19 and the effects that that may have on communities,  
20 on peoples and their viewpoints towards things?

21 A I understand you to be  
22 saying that in this consultation process, the inputs --  
23 the initial inputs -- have much more frequently come  
24 from white sources than from native sources. That's  
25 certainly true. I suspect that examples could be  
26 found -- a few very rare examples could be found where  
27 the initial input may have come from the other side.

28 Well, with respect to the  
29 funding of native organizations, for example. I don't  
30 know the early history well, but I suspect that it did not



Trusty & Hobart  
Cross-Exam by Payly

1 really begin in terms of the Canadian Government saying,  
2 "Here. Come. Let us give you some money". Or did it?  
3 I may well have been I suspect. But the initiative  
4 came from the native organizations. But I don't  
5 know for a fact.

6 Q All right. Well I under-  
7 stand that then is a kind of an exception and I think  
8 you are probably right in your facts about that. The  
9 native organizations were going on before funding  
10 was introduced.

11 A Right.

12 Q Yes. Or at least some  
13 of them.

14 A So that there are some  
15 cases on both side.

16 Q Yes.

17 A But the balance is over-  
18 whelmingly, obviously, in terms of white initiative.

19 Q Yes. The reason I go  
20 into that is because in your model of people working  
21 as equals on projects, whether it be in the consultation  
22 and conceiving of the idea stage, or in the implementation  
23 of whatever the scheme may be, I am concerned that  
24 although the workers at one level may be equal, that  
25 the conception as I find it in your evidence and Mr.  
26 Trusty's is always with the white supervisor, the  
27 company policy, the governmental regulation. This  
28 I invite you to agree is one of the problems that  
29 people have been reacting against in their evidence  
30 that they have given in the community hearings.





Trusty & Hobart  
Cross-Exam by Bayly

1                   A     Just a critical part  
2 of that statement, I'm sorry. You said in my and Mr.  
3 Trusty's evidence we had shown or indicated what?

4                   Q     It indicated that  
5 people may be working as equals on one level.

6                   A     Yes.

7                   Q     That is native and white  
8 co-workers may be doing the same jobs.

9                   A     Right.

10                  Q     But the picture still  
11 seems to involve the duties of the white supervisors.

12                  A     Yes. Well, in my famous  
13 three -- or was it four -- conditions, the thing I  
14 emphasized was that every time I alluded to it, and  
15 I corrected the judge this morning, employment along  
16 the full range. So that there obviously have not  
17 been native people ready trained, experienced, to  
18 enter in at certain higher level positions heretofore.  
19 But Nortran certainly shows an actuated commitment  
20 to accelerated advancement.

21                  Q     Yes, and I believe  
22 yesterday you said in cross-examination that native  
23 people have shown in some jobs that they not only  
24 do them as well, but they do them better than white  
25 people because they <sup>may</sup> adapt to the climate or whatever  
26 better, or learn to do the job more quickly.

27                  A     Right.

28                  Q     But again we're still  
29 faced with the problem that if they're better, why  
30 aren't they supervisors, sort of thing?



Trusty & Hobart  
Cross-Exam by Bayly

1                   A     Well, there's a full  
2 range of jobs and the image I have in my mind when I  
3 wrote that was the statement I had heard from tool  
4 pushers on a number of rigs, that you get the older  
5 generation of Inuits out there rolling pipe and the  
6 windchill is something terrific, and they'd roll pipe  
7 till hell froze over, until somebody said, "Come on  
8 in, have a cigarette, take a break, get in out of  
9 the --"     Now I don't mean at all to say that that's  
10 the only thing at which they excel, but I mean to  
11 say that that is one area of excellence which does  
12 not qualify one for supervisorial responsibility.  
13 There may well be other areas of excellence which, in  
14 the context of acquiring other appropriate skills, and  
15 some supervisorial responsibilities require report-  
16 writing, for example, and certain kinds of communication  
17 skills and so on. So that there is a dearth of people  
18 at the top, we both agree, yes.

19                   Q     So when we're talking  
20 about control -- and this was one of the things that  
21 you were adding in a general way to your list of  
22 necessities so that the pipeline and the policies of  
23 the pipeline company can be implemented. Can we say  
24 that the project may be coming along at a time in  
25 history when native peoples in the Mackenzie are not  
26 able to fill those positions in industry, quite apart  
27 from what they can do in other areas, which would give  
28 them a measure of control in the project. They are the  
29 reactors, the workers, etc., through no fault of  
30 anybody's.



Trusty & Hobart  
Cross-Exam by Bayly

1                   A     Control has many different  
2 meanings in different contexts, and you're referring now  
3 to control in the sense of supervisorial or foreman  
4 or that sort of control, is that what you mean?

5                   Q     Yes, I think it manifests  
6 itself in that area, in the area perhaps of inspection.

7                   A     Yes, and my response has  
8 to be that just what the top man in the Nortran  
9 program is now qualified to do, I don't know. But  
10 many of the men have shown very creditable rates of  
11 advancement up the respective ladders which they have  
12 started up. I know that to be true, so that there  
13 are some men prepared to exercise some degrees of  
14 control in that industrial context. That I take to be  
15 a fact, but I can't be any more specific.

16                  Q     But you'd agree that  
17 to be successful there has to be that element of  
18 native people in all strata --

19                  A     Right.

20                  Q     -- not necessarily the  
21 president of the company, but in all strata in the  
22 area where people are actively working.

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1 that has changed.

2 Q That's been abandoned.

3 A That's my understanding,  
4 yes.

5 Q Would you be contemplating  
6 at the existing facility then, in Inuvik, building  
7 a terminal facility of your own?

8 A A waiting area, yes sir,  
9 a shelter.

10 Q Right, and baggage areas  
11 and this sort of thing?

12 A Yes sir.

13 Q Okay. Now, with regard  
14 to southern workers being taken out, can I refer you  
15 to page 15 of this evidence please?

16 As I understand, you'll be  
17 taking southern workers to Edmonton, if they live in  
18 Calgary or Medicine Hat or Saskatoon it's their respons-  
19 ibility to take themselves the extra distance, is that  
20 correct?

21 A Yes sir, that's my under-  
22 standing, and Edmonton is used as the most likely  
23 example, but I can't say that that is necessarily the  
24 site or the only site that would be used in the south  
25 as a hiring centre, and therefore a termination point for  
26 employees.

27 Q Yes. Now then, they would  
28 be taken straight there except on those rare occasions  
29 when they were forced to land at one of the intermediate  
30 airports in between.



Trusty & Hobart  
Cross-Exam by Bayly

1                   A     Well, I think you'll have  
2 to be more specific.

3                   Q     Well, we do get flights  
4 that are on their way from Inuvik to Edmonton that have  
5 to stop here or at Hay River or some other place because  
6 of mechanical problems or whatever, and people are taken  
7 into town and --

8                   A     Yes sir. I referred to  
9 contingency plans in a portion of this evidence with  
10 respect to the movement of people, and those contingency  
11 plans would be designed so that the personnel were not  
12 taken into town. Now, that obviously is something that  
13 is also subject to discussion with the communities.  
14 Some communities may say, "well, we want that kind of  
15 business" and that's something that's going to have to  
16 be discussed, but our preference at this point and our  
17 judgement at this point, <sup>or</sup> 'Arctic Gas' would be that the  
18 contingency plan should be so designed that they are  
19 not taken into town, even though an aircraft might be  
20 diverted to an airstrip.

21                  Q     Right. Well, would you  
22 be contemplating being able to ship workers back to  
23 places like Yellowknife?

24                  A     No sir.

25                  Q     I see. What if workers  
26 lived here and wanted to work on the pipeline? They'd  
27 have to go to Edmonton or stay where they were?

28                  A     You're changing the topic  
29 now, I take it?

30                  Q     Yes. Well, not completely,



Trusty & Hobart  
Cross-Exam by Bayly

1 but there may be people in this town who fit into Dr.  
2 Hobart's young people looking for a job category.

3 A Well, we're no longer  
4 talking about an aircraft being diverted now?

5 Q No, we're talking about  
6 what do we do about people who come from centers  
7 in the Northwest Territories that aren't the four  
8 centers where you would anticipate picking up workers?

9 A The intent would be that  
10 transportation would be provided<sup>for</sup> them to the point where  
11 they were hired and if they were hired in their own  
12 community, then the intent would be to provide them  
13 transportation in line with the position as expressed  
14 by Mr. Hollands.

15 Q All right. So, that would  
16 depend, perhaps, on whether you decided whether to hire  
17 people in Yellowknife. If you were only hiring in  
18 Fort Simpson, they would have to go there to seek a job.

19 A Well, I thought Mr. Hollands  
20 made it clear that the approach that underlies the  
21 delivery system is that the opportunity to gain employment  
22 would be taken to the communities and that means all  
23 of the communities certainly within this region. The  
24 question of whether you go far outside that region, and  
25 I don't consider Yellowknife far outside the region, but  
26 to say the eastern Arctic, is a matter that hasn't been  
27 fully resolved yet.





Trusty & Hobart  
Cross-Exam by Bayly

1 Q Do you  
2 consider Yellowknife to be within this region?

3 A In the sense of employment  
4 yes sir.

5 Q Yes. How far do we go  
6 in that? Do you go as far as Fort Smith?

7 A I would think so sir but

8 Q Yes you're not --

9 A As Mr. Hollands said, there  
10 been  
11 has no clear definition made. This is not just a  
12 unilateral Arctic Gas approach but it's a government  
13 approach as well. It involves Manpower and he made  
14 it clear I though that it hasn't <sup>been</sup> defined yet in terms  
15 of its geographic limits in any precise sense what the  
16 anticipation would be. But certainly all the communities  
17 in the corridor where the pipeline is being built  
18 would be included.

19 Q I understand. We refer  
20 then to page 17. Now, I deferred a number of questions  
21 to this time at your request. One of them has been  
22 answered, and that is that fire-arms will not be permitted  
23 in the camps except for emergency and security purposes.  
24 What about fishing rods? Have you established a policy  
25 with regard to fishing? Sports fishing?

26 A As stated here, the intent  
27 would be that there would not be hunting, trapping or  
28 fishing allowed on the right-of-way or by people  
29 living in the camps. To my knowledge, the specifics  
30 of whether or not someone can bring a fishing rod into  
31 the camp have not been included in the ambit of that



Trusty & Hobart  
Cross-Exam by Bayly

1 policy for the practical reason that it is very difficult  
2 to detect a fishing rod. I think that's one of the  
3 reasons.

4 Q Right. O.K. Well, that  
5 takes me to another point and that is with regard  
6 to baggage checks.

7 A In or out sir?

8 Q Coming in, to start with.

9 A To my knowledge sir,  
10 there has not any policy been enunciated at this point  
11 about baggage checks going in.

12 Q I understand that the  
13 smuggling of drugs and liquor in some of the camps  
14 in Alaska was a bit of a problem. That was what led to  
15 the --

16 A Yes, I understand.

17 Q --checking of baggage.  
18 So, you'd certainly have to contemplate it even if you  
19 haven't made a decision yet.

20 A Yes sir, it's I think a  
21 question of practicality.

22 Q Yes, and I assume union  
23 and contractor cooperation.

24 A Yes sir.

25 Q Now, if a local resident  
26 wants to take a friend home or a co-worker, you have  
27 said in your answer to Mr. Reesor at page 25214 that  
28 Arctic Gas would prefer that this kind of practise be  
29 discouraged. Would you contemplate on the part of  
30 Arctic Gas trying to persuade the unions and the



Trusty & Hobart  
Cross-Exam by Bayly

1 contractors that a prohibition of this be written  
2 into contracts and collective agreements?

3 A In my opinion, the policy  
4 that has been enunciated with respect to transient  
5 or southern employees in the camps and that they not  
6 leave the camps unless authorized to do so by the  
7 camp authorities should stand as a policy. My under-  
8 standing further is that that would have to be a part  
9 of or should be a part of the collective agreement.

10 Q Yes. Now you've advocated  
11 that the government should come out with a clear  
12 statement on residency.

13 A Yes sir.

14 Q In the Northwest Territories  
15 for the purposes of <sup>being</sup> defined as a northerner so you  
16 can distinguish one from the other.

17 A Yes.

18 Q --according to the rules.

19 A Yes sir.

20 Q Have you got any  
21 suggestions of your own as to whether there should be  
22 a residency requirement of any length?

23 A I have a personal opinion.  
24 Yes sir.

25 Q All right. Well, can you  
26 give me that, realizing that it's something you'd  
27 be giving in your personal capacity and not as speaking  
28 for either the government or Arctic Gas?

29 A My personal opinion is  
30 there should be a time frame in the order of four or





Trusty & Hobart  
Cross-Exam by Bayly

1 five years associated with it.

2 Q Yes.

3 A The reason for that is  
4 to avoid the kind of problems they got into in  
5 Alaska by having much too short a time frame.

6 Q Right. O.K. Now,  
7 problems that arise out of keeping people in camps  
8 include men with more sedentary positions and I imagine  
9 there will be some people who push pencils rather than  
10 move equipment, wanting to take exercise or walks in  
11 the bush on hours that they have off. I realize that  
12 some of this construction will take place in the dead  
13 of winter when people especially from the south may  
14 not want to do that. But we've also heard from Mr.  
15 Williams that the season will be extended as far into  
16 the spring as possible given weather and snow conditions,  
17 etc. There may be some very fine days and long evenings.  
18 People would like to get out and look around themselves,  
19 especially if they have been cooped up for a long  
20 period of time. Have you thought about that as a  
21 problem and how you would anticipate Arctic Gas would  
22 want to deal with it?

23 A Well in my view, the  
24 camps themselves are quite large. I think it would  
25 depend very much on the location of that camp. For  
26 example, if the camp was close to a community I think  
27 then the approach in my opinion should be to more  
28 rigidly enforce the rules. If the camp was one located  
29 very far removed from any community as many of them  
30 are, then it's perfectly conceivable that those rules





Trusty & Hobart  
Cross-Exam by Bayly

1 could be relaxed somewhat. There is the other side of  
2 the coin of course and that's the safety factor for  
3 workers. You know, the question is associated with  
4 that. It doesn't strike me that it makes sense to  
5 have workers kind of wandering off into the terrain  
6 on their own because they want to take a stroll, because  
7 they may not find their way back. You know, so I think  
8 there are several considerations. I think one has to  
9 be practical.

10 But personally, in my opinion  
11 when the camps were within striking distance of a  
12 community I think the regulations should be enforced  
13 very strictly.



Trusty & Hobart  
Cross-Exam by Bayly

1 Q Well, I'm concerned  
2 about this because, although we may have gotten out  
3 of the habit of thinking of them as such, the southern  
4 workers are human beings with needs and wants, and  
5 I think you'll agree with me -- and I invite you to  
6 do so -- that it's dangerous to treat them as anything  
7 else, completely cage them up and give them even  
8 less freedom perhaps than is afforded by the Yellow-  
9 knife Correctional Centre here in town.

10 A Yes sir. I won't  
11 disagree with that.

12 Q I understand that one  
13 of the ones that you may be talking about where you'd  
14 anticipate wanting to more strictly apply the rules,  
15 would be the construction camp where there's a wharf  
16 and stockpile site. You talk about that on page 7  
17 of your evidence. Now, that's only a few miles from  
18 the community. It will be close to the right-of-way  
19 and I gather that access to the community might be  
20 easier there than at other camps.

21 A Yes sir.

22 Q So you contemplate  
23 stricter rules there than in other places.

24 A In my opinion that's  
25 the way it should be, yes sir.

26 Q And your thinking is  
27 reinforced in that, I understand, by the reaction of  
28 I believe it's the Inuvik Town Council.

29 A That's correct.

30 Q And in each of these, I



Trusty & Hobart  
Cross-Exam by Bayly

1 gather, you'll look at the reactions of the community.  
2 If they say, "Come on in," then you may be influenced  
3 by that as well.

4 A Yes sir, I think that  
5 will be a factor.

6 Q Now, with regard to  
7 liquor on a controlled basis, page 19 of your evidence  
8 you refer to that, do you mean liquor sold at a  
9 canteen or bar, or liquor sold at a Liquor Store in  
10 camp?

11 A Well, there are a number  
12 of ways one can conceive of having a controlled basis.  
13 I'm not quite sure when you say "liquor sold at an  
14 outlet", you know, what you mean by that.

15 Q The difference between  
16 buying a drink at a time in a hotel-like situation, as  
17 opposed to being able to go to a canteen where you  
18 are rationed perhaps to a bottle a week or a case of  
19 beer a week by way of example.

20 A Well, those are both  
21 examples of control.

22 Q And you haven't thought  
23 out what you would use in the various camps?

24 A There has been no decision  
25 made as to what the appropriate control is. There have  
26 been alternatives looked at.

27 Q Yes.

28 A Considered and thought about.

29 Q The main thing you're  
30 trying to avoid, though, is people bringing liquor





Trusty & Hobart  
Cross-Exam by Bayly

1 into the camps from the outside so that the company  
2 doesn't know how much there is there, and what  
3 potential problems there are. You want to discourage  
4 that.

5 A That's been one of the  
6 problems, as I understand it, in Alyeska.

7 Q Yes.

8 A And that's one of the  
9 abuses that can occur.

10 Q And you'd like to see it  
11 out in the open where there is a measure of control or  
12 an ability to cut a person off if he appears to be  
13 abusing the privilege.

14 A Yes sir, I don't think  
15 that that latter example is within the ambit of what  
16 we've considered as potential controls. The bouncer  
17 approach is not the one that we've been --

18 Q Right, you're thinking  
19 more of restricting the amount that will be sold to  
20 any one person.

21 A Or restricting the  
22 hours of the facility --

23 Q Yes.

24 A -- could be another  
25 example.

26 Q When I questioned Mr.  
27 O'Rourke on your logistics panel about barge facilities  
28 and barges, at that point Arctic Gas had not got to  
29 the stage of determining who would be responsible for  
30 paying for additional barges, and at that time there



Trusty & Hobart  
Cross-Exam by Bayly

1 was also some contemplation that the company would  
2 supply some of its own barges and tugs. Has that  
3 position changed since --

4 A Not to my knowledge, sir.

5 Q That's still up in the  
6 air, you're not sure which route you'll go?

7 A Yes sir.

8 Q Now, on page 29 --- oh,  
9 sorry, page 22 to begin with, this is in the realm of  
10 air service between large and small air fields, would  
11 you contemplate using local carriers for that service,  
12 or using company facilities?

13 A It's possible that a  
14 local carrier could be involved on a contract basis  
15 for some of that service, yes sir.

16 Q That hasn't been  
17 determined, though.

18 A No, what I tried to make  
19 clear the other day is that we would not contemplate  
20 using a scheduled run for the bulk of that kind of  
21 movement.

22 Q Although in the sense  
23 that it might be very regular, it might become scheduled  
24 in that sense.

25 A In that sense, yes.

26 Q Now --

27 A Excuse me, even in that  
28 sense it still might not entail selling tickets generally  
29 to the public. You're simply noting that there might  
30 be frequent flights.



Trusty & Hobart  
Cross-Exam by Bayly

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Q That's right.

A All right.

Q It might be, take the  
example of Northwood Air Lines, it might be necessary  
for them to treat it for their own purposes of  
scheduling, as one of their regular flights.

A That's right.



Trusty & Hobart  
Cross-Exam by Bayly

1 Q On page 29, you have a  
2  
3 reference to local communities and local businesses being  
4 able to supply goods and services and I'd like you to  
5 let me know what goods and services you would contemplate  
6 at this point the local businesses potentially being  
7 able to supply.

8 A Sir, in response to one  
9 of the deficiency letters, there are listings of the  
10 extent of detail -- in the extent of detail that's  
11 available at this point in time.

12 I might note that as a result  
13 of this Inquiry a study -- I believe it's as a result  
14 of this Inquiry, a study was commissioned and recently  
15 completed and has been obtained by Arctic Gas that's  
16 an inventory of the business services available in the  
17 north and that's currently being looked at and matched  
18 against the total project requirements. A shopping  
19 list if you like, but there's nothing more specific  
20 than that available at this time.

21 Q I'm aware of that and I  
22 may not have made it quite clear. I was thinking of  
23 the smaller communities being smaller than Inuvik. What  
24 can Aklavik do in your estimation, or Paulatuk, Paulatuk  
25 may be too far out of the main line and Fort Norman  
26 may be an example.

27 A I don't have sufficient  
28 personal knowledge of the exact industries and businesses  
29 that are in existence in those communities to be able  
30 to answer that question.





1 Q All right. One of the  
2 problems that I think you acknowledge is that if you're  
3 going to get into the business of supplying goods and  
4 services, you probably have to have set up before a  
5 permit is granted, or at least before things really  
6 start to happen or you're going to be left behind.

7 A Yes sir, I think that's  
8 correct.

9 Q Right. Well, do you  
10 contemplate that Arctic Gas will be going into the  
11 smaller communities to suggest things that they will be  
12 looking for from those communities, if the communities  
13 want to provide that?

14 A I would suggest it in a  
15 slightly different way. As I stated in testimony, Arctic  
16 Gas does intend to go through those communities and  
17 establish liaison relationships related to procurement.  
18 We would be looking for the communities to indicate to  
19 us those kinds of things that they were interested in,  
20 and at the same time for Arctic Gas to be providing  
21 information to them on the types of things that will  
22 be procured.

23 Q Yes.

24 A But it's a two way flow.

25 Q Yes. One wouldn't want  
26 to set up a business though, without having some kind  
27 of -- at this point in time, for the purpose of supplying  
28 the pipeline without having some sort of indication from  
29 the company that they needed or wanted that service in  
30 that area.



Trusty & Hobart  
CLOCK FROM BY BAYLA

1 A Yes sir.

2 Q It's a question of  
3 sophistication in -- and who has the knowledge of the  
4 needs of the company.

5 A One of the reasons that  
6 Arctic Gas has intentionally been cautious in this area  
7 is the danger that unintentionally a local business  
8 might be encouraged to be established or expanded  
9 prematurely, prematurely in the sense of the project  
10 timing or prematurely in the sense of what the ultimate  
11 project requirements turned out to be in that particular  
12 area and so on. There obviously has to come a time  
13 when these things get sorted out, the question is not  
14 doing it prematurely.

15 Q Right. Well, given the  
16 present construction schedule of start up time etc. do  
17 you contemplate it would be possible for people in  
18 smaller communities to set up the businesses you envisage  
19 to supply goods and services to the pipeline?

20 A I think generally that's  
21 so, yes sir, and I note that, you know, in the sense  
22 of timing, that process is now being embarked on and I  
23 described this one form or method by which the information  
24 flow is beginning now to move more rapidly than it has  
25 in the past or in more detail, and we would expect that  
26 to accelerate now.

27 Q Now, on page 33, and it  
28 is at the bottom of page 32 as well, you have one check  
29 on inflation in that in-migrants will probably spend  
30 most of their money where they came from, in southern



1 Canada.

2 A You're referring to what  
3 I refer to as transients sir?

4 Q Yes, sorry, transients.

5 A The answer is "yes".

6 Q I forgot that distinguish-  
7 ment. What -- you can't control to the same extent,  
8 I suggest to you, is the spending of wages earned by what  
9 we will now call in-migrants and long time residents  
10 who either find employment on the pipeline or on pipeline  
11 generated work.

12 A Yes sir, and I've said that  
13 in the testimony.

14 Q Yes, and you'll agree  
15 with me, I take it, that this may have differing effects  
16 on different communities, the smaller ones perhaps being  
17 less able to adapt to this inflation than the larger  
18 ones.

19 A Well, I -- as a general  
20 point, yes, I agree with you. The question of course,  
21 is, even though there are higher incomes, those incomes  
22 are not bidding up the prices of goods and services because  
23 those are in short supply, then there may be no inflationary  
24 impact regardless of the size of the community. It's a  
25 question of how the incomes are spent in comparison to  
26 the supply of those things that they're being spent on.





Trusty & Hobart  
Cross-Exam by Bayly

1 Q One of the problems with  
2 establishing a period of residency to differentiate  
3 between northerners and southerners, that I see -- and  
4 I invite you to comment on that -- is that you would  
5 have to contemplate using this definition across the  
6 board for employment, not just on pipelines or on  
7 related projects. You'd run into legal problems perhaps  
8 for a start. You see what I mean, just establishing  
9 a residency requirement with regard to a single  
10 project.

11 A No, I don't see what  
12 you mean.

13 Q You've said that you would  
14 look to the government to establish a clear definition  
15 of what is a northerner and what is a southerner before  
16 the project went ahead.

17 A Yes.

18 Q That would allow you  
19 to distinguish between the two for the purposes of  
20 your rules, your preferences, --

21 A Yes sir.

22 Q -- and perhaps even your  
23 training programs.

24 A Yes sir.

25 Q Now, what you're envisaging  
26 then is that they set up a definition of "northerner"  
27 which would only apply to this project, or perhaps  
28 only to the primary employment of this project.

29 A Being more specific, there  
30 is the draft agreement that Mr. Hollands had appended



THURLEY & ROBERT  
Cross-Exam by Bayly

1 to his testimony, and that refers to northern resident  
2 and the definition is there, but blank, and presumably  
3 that definition will get filled in by governm ent.

4 Q Now, have you canvassed  
5 the communities to see what their feelings are on the  
6 long hours of work that you've suggested will be  
7 necessary for the construction of this pipeline on the  
8 schedule that you project?

9 A Not to my knowledge,  
10 no sir.

11 Q Your solution, as I  
12 understand it, to equalizing wages inside and outside  
13 pipeline employment would be for other employers  
14 either to pay overtime, which was the route that you  
15 said might be unacceptable, or to increase their own  
16 hours.

17 A "Solution" is your  
18 word, sir. I certainly did not intend to convey in  
19 my testimony that I considered that a solution.

20 Q I see.

21 A I consider it a mitigat-  
22 ing factor, a possibility.

23 Q All right, and you  
24 haven't canvassed the communities on that as what they  
25 would consider a solution or lack of one to the problem?

26 A That's not been done in  
27 the Arctic Gas studies, but I might note that the  
28 study I just referred to a few moments ago that was  
29 done, I think, through the Chamber of Commerce, but  
30 I can't <sup>recall</sup> now specifically, I have it if you want the



Trusty & Hobart  
Cross-Exam by Bayly

1 reference. That suggests that also, and that's based  
2 on conversations with regional businessmen, and  
3 interviews and so on, and it suggests that as one of  
4 the possible measures. It also suggests that regional  
5 businessmen are facing this problem and they're aware  
6 of it and prepared to deal with it.

7 Q O.K., can you give us  
8 that reference?

9 A Yes sir.

10 Q For the record.

11 A It is entitled,  
12 "Inventory and Assessment of Business, Personnel  
13 and Equipment in the Mackenzie Valley and  
14 Yellowknife,"  
15 prepared by co-ordinator W.G. Hinchey, C.G.A. , of  
16 Normac Management Services Limited, and it was done  
17 for the Northwest Territories Chamber of Commerce, and  
18 it was published in February of 1976.

19 Q Thank you, sir. Now,  
20 on page 39, you refer to the fact that you would have  
21 regular visits from the project information officer as  
22 one of the approaches to the smaller communities. Have  
23 you figured out how often you would have to go in there  
24 to keep people up-to-date?

25 A I think that will partly  
26 be a matter for discussion with those communities in  
27 the initial visits. I noted that we would hope in the  
28 smaller communities to be able to tie that liaison  
29 function with a community resident who was also involved  
30 in something like the Manpower delivery system Mr.



Trusty & Hobart  
Cross-Exam by Bayly

1 Hollands discussed, and that the intent there or the  
2 hope there would be that that would provide a chance  
3 for the community itself to request those visits,<sup>and</sup> if  
4 they were <sup>not</sup> frequent enough to request them more  
5 frequently and so on. So I think that's a two-way  
6 process as well, and it may vary by community.

7 Q Turning to your Panel 5  
8 evidence, I gather from the cross-examination and your  
9 evidence in chief, I'm referring here to the information  
10 contained on page 4, that while you may be able to  
11 dampen down the boom and bust effects of the project,  
12 in the next few years, you do see an increase in the  
13 number of outsiders taking up long-term residence in  
14 the larger communities.

15 A Yes sir, in the sense  
16 that the job opportunities would exceed the regional  
17 labor force. The permanent long-term job opportunities.

18 Q Now, on page 12 you  
19 talk about the recommendations of the Van Ginkel's  
20 that every effort should be made by employers to  
21 encourage new employees from outside to move with their  
22 families and take up residence in the study area. Is  
23 this a recommendation that Arctic Gas agrees with?

24 A In the long-term, yes sir.  
25 Not necessarily something that should be implemented  
26 from the first day of operation, and that very much is  
27 the intent of this entire testimony, is to demonstrate  
28 that and the reasons for it.

29 Q All right, and you'd agree  
30 with me that these people and any additions to the





Trusty & Hobart  
Cross-Exam by Bayly

1 secondary and tertiary services that are generated by  
2 their addition to various communities will change the  
3 character of some communities, at least to a certain  
4 extent.

5 A Yes sir, we would  
6 expect that it would be the large communities that  
7 would be affected by that kind of growth.

8 Q Yes.

9 A And so I'm not certain  
10 whether one should go so far as to say it will change  
11 their character in that they are now growth-oriented  
12 communities with predominantly white populations.

13 Q Now, in terms of growth-  
14 oriented populations, on pages 14 and 15 you say that  
15 Inuvik is ready for more growth, and --

16 A I'm sorry, sir, where did  
17 I say that?

18 Q Page 14, I believe.  
19 "Studies have reached the conclusion with  
20 regard to the anticipated growth of Inuvik,"  
21 you say that,

22 "While these independent findings confirm the  
23 pertinent results of the Van Ginkel study,  
24 they have more important implications that  
25 the community is anticipating this kind of  
26 a growth pattern and has already started the  
27 essential planning process."  
28  
29  
30



Trusty & Robart  
Cross-Exam by Bayly

1                   A     Yes sir, anticipating in  
2     the sense that they have themselves estimated that it  
3     may occur.

4                   Q     Right. On page 17 of  
5     panel 1, your basic argument with regard to development  
6     of gas and -- you refer to 14.c, the second paragraph  
7     here, in which you say that the applicant is unaware of  
8     any indigenous natural resource with the exception of  
9     natural gas that is susceptible of early development  
10    etc.

11                   Now, I gather that you made  
12    this assumption but you don't say what it is based on.

13                   A     Well, it was based on  
14    a review of the natural resource situation in the  
15    Northwest Territories and the Yukon. The essential  
16    details of that review are contained in the Gemini  
17    studies in the volumes. I'd note that the "etc." part  
18    of that statement that you read sir, is very critical  
19    to it and "that will have a timely and adequate impact  
20    in terms of the provision of needed jobs and economic  
21    opportunities."

22                   Q     Using the Northwest  
23    Territories population as a whole as you did on page  
24    two of your second panel, you have contrasted the  
25    differences in Alaska and the Northwest Territories in  
26    that you say that Alaska is a "boom and bust" area and  
27    always has been. What I am going to suggest to you is  
28    that there have been a number of booms in northern Canada  
29    that you may have overlooked because they were local,  
30    or because they weren't as spectacular as Alaska. Let



Trusty & Hobart  
Cross-Exam by Bayly

1 me list some of these: The Klondike at the turn of  
2 the century. Would you agree that that is a boom?

3 A Yes sir.

4 Q And it busted after they  
5 got most of the gold out?

6 A No, if I may I'll have  
7 to ask you to define precisely what we are talking  
8 about a little more clearly, because this evidence is  
9 not talking about economic activities that started and  
10 dropped off. We -- section 14.c notes the fact that  
11 that has been the history in this region. It has been  
12 one of the unfortunate things that the opportunities were  
13 provided and then taken away again.

14 We're talking here about  
15 a comparison with the phenomenon in Alaska where people  
16 come to the state in response to a new activity and  
17 the majority of them stay so that the population has  
18 gone up in leaps, levelled, jumped, levelled, jumped,  
19 levelled. What my testimony intended to say was that  
20 in the Northwest Territories while there certainly have  
21 been people come in <sup>in</sup> response to developments, they have  
22 by and large gone out again.

23 I referred to the situation  
24 in terms of the building of the Yukon highway as an  
25 example of that.

26 THE COMMISSIONER: The Alaska  
27 highway.

28 A Oh, I'm sorry. The  
29 Alaska highway, yes.

30 MR. BAYLY: All right, so we're





Trusty & Hobart

Cross-Exam by Bayly

1 looking at different kinds of booms that have occurred  
2 here where the people have all disappeared.

3 A Yes sir, I suggest that's  
4 right.

5 Q Yes and some of the mines  
6 and the DEW Line would fit into that category?

7 A That's correct, in my  
8 mind. Yes sir.

9 Q We won't be able to tell  
10 until after this project is completed whether this  
11 project fits into that category to any extent. We  
12 suspect some people will stay. But we don't expect  
13 them all to stay.

14 A Well, again I'd have to  
15 ask you to categorize for me the people you're talking  
16 about when you say "some people".

17 Q You're saying that it  
18 will <sup>take</sup> several thousand people to build the pipeline.

19 A That's correct.

20 Q You're anticipating that  
21 all of those with the exception of the people who were  
22 here before will disappear and only those who are  
23 required to maintain the facility and to operate it  
24 will be left, with the exception of the secondary  
25 and tertiary employment which is required to service  
26 them?

27 A Well, I would say that  
28 in contrast for example with the building of the  
29 Alaska highway in the Yukon that the policy measures  
30 that have been outlined would go a long way to ensuring



Trusty & Hobart  
Cross-Exam by Bayly

1 that that's true, in that those people would be flown  
2 in and out and work on a transient basis out of camps,  
3 would not bring their families with them, would not  
4 set up residency in communities. Therefore, it's not  
5 a matter in my mind of them staying, it's a matter of  
6 whether once home at the end of the job that they turn  
7 around and come back again. I can't answer that  
8 question. I don't know if some of them will or some  
9 of them won't.

10 Q If an oil pipeline follows  
11 the gas pipeline, and if hydro transmission lines  
12 follow the oil line and if a highway follows the  
13 highway transmission lines, do you still feel that  
14 not very many people will stay?

15 A Presumably, this kind of  
16 approach by Arctic Gas will be monitored and if it  
17 turns out to work adequately, as I feel it will, then  
18 -- and if the general desire was to maintain a steady  
19 and not this Alaska type growth, then presumably those  
20 other projects could employ similar policies.

21 Q If people are working on  
22 a job like building a gas pipeline though and have the  
23 skills, there's a good chance that they'll either stay  
24 for the oil pipeline or come back for it?

25 A Not to my understanding sir.  
26 To my understanding, the gas plants would be built in  
27 the same manner as has been described here for the  
28 pipeline. At the termination of the last work schedule  
29 or the last work rotation, those people would be returned  
30 to the point of hire. Now, if there was another project



Trusty & Hobart  
Cross-Exam by Bayly

1 starting up, presumably they could go over and get  
2 hired there and that project might very well employ  
3 exactly the same policy. That's what I'm trying to say.  
4  
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Trusty & Hobart  
CROSS-Exam by Bayly

1 Q At page four of this  
2 evidence, you say that the Canadian north does not seem  
3 to have the same romantic connotation of the last  
4 frontier as Alaska does for the American, and are you  
5 aware that there seems to be some effort to change that  
6 to popularize this part of the world as Canada's last  
7 frontier?

8 A I'm aware that some people  
9 have used the phrase in literature and so on, yes.

10 Q I have here a magazine  
11 that you may be familiar with called "Opportunity in  
12 Northern Canada". ARE you acquainted with that magazine?

13 A I've seen it, yes sir.

14 Q Yes. This is an issue  
15 in which the cover contains a small headline called,  
16 "The North, Frontier of the '70's" and I'd just like to  
17 tell you a couple of the things that are in it because  
18 I'm concerned with Arctic Gas having a policy of down-  
19 playing this and perhaps other people having a policy  
20 of promoting Canada's last frontier as being this part  
21 of the world. Turn to the back for example --

22 THE COMMISSIONER: What's the  
23 name of this magazine?

24 MR. BAYLY: It's called  
25 "Opportunity in Northern Canada" sir, and I borrowed this  
26 one but I'm trying to get one so that you can have one  
27 as an exhibit to look through at your leisure.

28 A may I ask who publishes  
29 it, Mr. Bayly, I don't recall.

30 Q Yes. "Opportunity" is





Trusty & Hobart  
Cross-Exam by Bayly

1 published in Winnipeg. Fleet Publications. Its  
2 Associate Editor is Brock Hammond who is also Gulf,  
3 Canada's Public Relations Manager.

4 A Okay, and may I ask if  
5 it has advertising copy in it?

6 Q Yes, it has a good deal  
7 of advertising copy in it. In fact it's largely made  
8 up of that.

9 A Yes, that was my recollection.

10 Q Yes, among the advertisers  
11 are the Department of Indian Affairs and the Government  
12 of the Northwest Territories.

13 The Government of the Northwest  
14 Territories ad is rather interesting because it says,  
15 "Up here in the Northwest Territories we're  
16 getting it altogether, where do you fit in?"  
17 and there's a paragraph -- I don't know whether that  
18 was directed to my clients or not.

19 "There's a lot of room for everyone in this  
20 big land, Canada. It's just a matter of  
21 deciding where you fit in. We are still growing  
22 and developing in the Canadian north and the  
23 time is ripe for new imaginative ideas. Perhaps  
24 your interest lies in the ever-expanding tourist  
25 industry or maybe in the many support services  
26 necessary to the mining or oil and gas exploration  
27 field. We have a growing population and there  
28 are still lots of opportunities. If you would  
29 like to help us put our picture together, we will  
30 help you decide where you fit in, and contact the



Trusty & Hobart  
Cross Exam by Bayly

1 Department of Economic Development, Government  
2 of the Northwest Territories."

3 A Do you want me to comment?

4 Q I just want that for  
5 your information. Perhaps you could comment.

6 THE COMMISSIONER: I'd like  
7 you to comment.

8 A It seems to me that that's  
9 proof of exactly what I'm talking about. The fact that  
10 it's necessary to advertise to attract people to come  
11 up and take the jobs that are available, that certainly  
12 hasn't been the case in Alaska.

13 MR. BAYLY: All right, but --

14 A It's called moulding  
15 the demand.

16 Q It could also be called  
17 opening the doors.

18 A Yes, I guess it could.

19 Q And that's my concern, that  
20 promotions sometimes work better than expected, and one  
21 of the interesting things with regard to frontier in  
22 this is the way that the town of Inuvik has been described.  
23 It seems to try to plug into that romanticism that you  
24 refer to.

25 In an article on page 66 called,  
26 "Inuvik", there is the following,

27 "Even though it was 1:00 a.m., Inuvik was  
28 living up to its Dodge City reputation."

29 Here's another quote, just a  
30 little farther on,



1 "What was only a sleepy government town  
2 some years ago has rapidly evolved into  
3 a swinging frontier boom-town."

4 A Whose ad was that sir?

5 Q This isn't an ad, this  
6 actually is a --

7 A Oh, that's an article.

8 Q This is the article that  
9 was written by George Dirksen, who appears to have been  
10 accompanied by Mr. Brock Hammond of Gulf.

11 A I see.

12 Q The Government of Canada  
13 has also --

14 THE COMMISSIONER: Excuse me,  
15 I take it this is a one shot magazine?

16 MR. BAYLY : I don't know sir,  
17 it doesn't seem to have an issue. It's called volume  
18 1, number 1 so we may expect more.

19 A I think it's a couple  
20 of years old. People have become more enlightened in  
21 the interim.

22 Q It goes on on the same  
23 vein and I'm sure you're aware that -- certainly with  
24 regard to the trade,"Oil Week", although it doesn't  
25 say this is the Alaska of Canada, does promote to the  
26 industry this as the frontier of oil development, oil  
27 and gas development.

28 A The only comment I can  
29 make, Mr. Bayly, really, and I mean this as a serious  
30 comment is it's exactly like the example that I quoted





1 the other day of Fort McMurray. Canadians do not seem  
2 to view this as a frontier in the sense that Americans  
3 do, in the psychological sense that Americans do and they  
4 don't seem to come rapidly, in large numbers in response  
5 to opportunities that may be available and in my mind,  
6 that's why this kind of promotional material comes into  
7 existence, but, you know, I really can't comment beyond  
8 that.

9 Q Right, but you do see  
10 the possibility that too much of this might work on  
11 our national psyche to such an extent that --

12 A Yes, that's quite right.  
13 Too much of it could very well do that.

14 THE COMMISSIONER: You can write  
15 away for volume 1, number 2.

16 MR. BAYLY: And that's to show  
17 your interest is it? Would you like to have a look at  
18 this sir, to help you get through the rest of my cross-  
19 examination?

20 THE COMMISSIONER: Well, this  
21 is probably being snuck in to elaborate on this whole  
22 question of oil and gas reserves, because on the cover  
23 it says "Scenic beauty beyond compare, a thousand  
24 million barrels of oil for hundreds of years. Enough  
25 electric power to energize all of Canada," and then they  
26 paused for a moment and said, "Develop it, we must,  
27 but rationally." It's all good stuff.

28 MR. BAYLY: Dr. Hobart, if we  
29 could just go back to you and your alcohol paper.

30 I take it one of the difficulties



Trusty & Hobart  
Class Exam by Mary

1 in a study of this nature is it does what you're con-  
2 cerned about doing to a certain extent. It has to try  
3 and generalize on a problem that differs from community  
4 to community.



Trusty & Hobart  
Cross-Exam by Bayly

1 WITNESS HOBART: "Has to  
2 try to generalize"was your phrase?

3 Q Yes.

4 A Yes. I guess my response  
5 would be that I'm interested in generalizing to the  
6 extent that it seems justifiable , given the nature  
7 of the data.

8 Q Yes, and given the nature  
9 of the data it appears that it has to come sometimes  
10 from areas right outside of the Mackenzie corridor, and  
11 we have to do our best to apply that to the Mackenzie  
12 region because I note that you've taken statistics from  
13 ARctic Bay and other places, because they're available  
14 there.

15 A Correct, yes.

16 Q And you've said that  
17 it's very difficult to say who is drinking what in  
18 the Mackenzie region.

19 A Right.

20 Q Because the Liquor  
21 Store doesn't disclose or even know where its customers  
22 are from.

23 A Right.

24 Q And it may be that the  
25 alcoholism picture looks a lot worse in Inuvik than  
26 it does in other delta communities because people are  
27 coming into Inuvik to get drunk.

28 A Correct. That's a  
29 possibility.

30 Q It isn't necessarily  
universally



Trusty & Hobart  
Cross-Exam by Bayly

1 true, but it's a phenomenon that we can't trace through  
2 the statistics.

3 A Exactly.

4 Q And so far as social  
5 indicators of alcohol abuse are concerned, they follow  
6 that as well. A person goes somewhere else to drink,  
7 he may show up on a crime statistic in Inuvik, even  
8 though he's from Aklavik.

9 A That's a possibility  
10 as well, yes.

11 Q And in fact, Inuvik is  
12 one of those towns in which everybody is from somewhere  
13 else not very long ago.

14 A Correct.

15 Q And you have the same  
16 problem in the upper Mackenzie.

17 A Correct.

18 Q There's a Liquor Store  
19 in Fort Simpson, there's a Liquor Store in Norman  
20 Wells.

21 A Right.

22 Q The problems, I gather,  
23 are not only in the Mackenzie region but also in Pond  
24 Inlet, Coppermine, Arctic Bay, or wherever the per  
25 capita figures have a disadvantage --

26 A I missed a word. "The  
27 per capita figures"?

28 Q They have a disadvantage,  
29 you can't tell who is doing the drinking because some  
30





Trusty & Hobart  
Cross-Exam by Bayly

1 people don't drink at all and some people drink much  
2 too much, and there are a lot of others in between.

3 A Definitely.

4 Q The only thing that you  
5 could really tie them to were visitism in the Courts  
6 where they would at least show up.

7 A Right. I think I would  
8 add that, well, Arctic Bay is the most dramatic  
9 example of that. The incidence of woundings where  
10 liquor might be involved is so low that I would infer  
11 from that that there are very few, very very few people  
12 who are drinking in excess. Do you see? In other  
13 words, I'm suggesting that it's possible to use the  
14 wounding figures and the-in those centres where there  
15 is a Magistrate's Court, the convictions in those  
16 Court figures as an index of the extent of excessive  
17 -- as a rough index of the extent of excessive abuse  
18 of alcohol because it does appear to be quite clear  
19 that crime in the absence of drinking is very rare  
20 yet.

21 Q Now, one of the  
22 difficulties with collecting those statistics, too,  
23 I suggest to you, is that the police reports and the  
24 Court records will not disclose on the face of them-  
25 selves which offences involve liquor and which didn't,  
26 especially in the bigger communities it becomes harder  
27 and harder to trace this.

28 A Agreed.

29 MR. BAYLY: Would this be an  
30 appropriate time for coffee? I don't think I have very



Trusty & Hobart  
Cross-Exam by Bayly

1 much more and I'd just like to have a look at it.

2 THE COMMISSIONER: Right. O.K.,  
3 coffee.

4 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)  
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THURLEY & HOBART  
Cross-Exam by Bayly  
Cross-Exam by Roland

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. BAYLY: I have no more questions of this panel. Thank you.

THE COMMISSIONER: Mr. Bayly has concluded his cross-examination but that doesn't mean that we've concluded our proceedings for the day. Mr. Roland has some questions and we should give him our full attention. I'll just put this --

CROSS-EXAMINATION BY MR. ROLAND:

Q Dr. Hobart, just to clarify the record from Mr. Bayly's cross-examination, I believe that you said in response to a question from him this morning that Fort Nelson troubles you. I take it you meant Fort Norman?

WITNESS HOBART: Fort Norman, yes.

Q Yes, O.K. Now, Mr. Bayly left off with your alcohol study and perhaps we could turn to that. In looking at the study, I see that with respect to Liquor Ordinance convictions, there was drop in the period about 1970-71 and that was pretty well consistent in all the communities.

Now, I take it first of all that with respect to Liquor Ordinance offences, there are a number of different offences that are included in your calculations.

A Right.

Q When you compiled your calculations did you initially divide it into the different offences?





Trusty & Hobart  
Cross-Exam by Roland

1                   A     They were initially  
2     tabulated that way but I did not analyze them except  
3     in the aggregated form. It might be useful if I  
4     clarified that drop however. In 1970 -- and I checked  
5     this out with the R.C.M.P. this morning because it  
6     came to my attention comparing my data with Gemini  
7     data -- in 1970, the Intoxicated Persons Detention  
8     Act was enacted which made provision for the possibility  
9     that R.C.M.P. could pick up a person who was technically  
10    arrested but then could, for example, simply deliver  
11    him home or could put him in protective custody. Those  
12    sorts of cases enter into Statistics Canada data.  
13    So that they are people charged under the Liquor  
14    Ordinance. They are cleared otherwise.

15                   My data reflect only convictions  
16    and thus this new way of treating innocuously  
17    inebriated people has produced the drop.

18                   Q     So as a result, do your  
19    figures for convictions then are not an accurate  
20    representation of the people who were intoxicated --

21                   A     Agreed.

22                   Q     -- picked up but not  
23    charged.

24                   A     Agreed.

25                   Q     I take then that would  
26    affect your conclusions that you draw from those  
27    figures?

28                   A     It would affect the comments  
29    with respect to Liquor Ordinance convictions. It would  
30    not affect the comments with respect to the other



Trusty & Hobart  
Cross-Exam by Roland

1 Ordinance convictions which I suggested in cross-  
2 examination earlier seemed to me to be the more important  
3 of those data there -- the more consequential.

4 Q Now turning to your  
5 four conditions, that is, the conditions that would a  
6 permit before land claims are settled. Dealing specifi-  
7 cally with the conditions which you describe as:

8 "...making resources available to natives to  
9 purchase into development action."

10 Could you first tell us what you mean by "resources"?  
11 Do you mean money or land or both?

12 A I think credit or money  
13 would be one of the most important resources, yes.

14 Q Would you also mean  
15 such resources as management experience?

16 A That's purchasable with  
17 money.

18 Q I see. When you say  
19 "purchase into development action" do you mean partici-  
20 pate in development -- actively participate?

21 A It's possible for  
22 people to participate either personally or in terms  
23 of the business interests in which they have partial  
24 ownership.

25 Q Well, I take it you mean  
26 don't just invest money. It goes beyond that.

27 A In my thinking, it  
28 involved both. That is, the thing that I was feeling  
29 -- do feel -- would precipitate bitterness would be  
30 if, "yes, we natives have wage jobs but the businesses



Trusty & Hobart  
Cross-Exam by Roland

1 are all southern white owned or some northern white  
2 owned businesses." We are restricted to a wage worker  
3 kind of situation in terms of responding to the  
4 opportunity here. So that I am seeking to describe  
5 a way of getting away from that situation.  
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Trusty & Hobart  
Cross-Exam by Roland

1                   Q     When you're talking  
2 about corporations, for instance, and you mention  
3 corporations, I take you mean more than simply invest-  
4 ment corporations? These are the active development  
5 oriented corporations.

6                   A     Yes. I meant both. I  
7 think that there would be a bitterness assuaging  
8 potential, in terms of people saying, in effect, "I own  
9 a piece of that hotel. I don't have a job there, but  
10 I am -- I have a part of the corporation which owns  
11 the hotel," but also working for native owned companies  
12 of various kinds would be a part of it as well.

13                  Q     And to carry that on, I  
14 gather that the need for control, which was one of the  
15 elements you talked about, the need for a perception  
16 that the natives are not being ripped off, the need  
17 for some economic benefit and the need for the acquisition  
18 of labour skills all demand that there be some active  
19 role through this resource availability in the construc-  
20 tion phase.

21                  A     Would you run through  
22 that again please?

23                  Q     Well, you've said that  
24 the elements that are necessary are that the natives  
25 have some sense of control of their destiny, of their  
26 life and that they not have -- that's the first thing.

27                                 Secondly, that they not  
28 have the perception that they're being ripped off and  
29 you use the word "ripped off".

30                  A     Yes.





1 Q Thirdly, that they play  
2 some active role in deriving of economic benefit from  
3 the pipeline and fourthly, that they acquire labour  
4 skills.

5 Now, I take it all of that  
6 demands that these corporations participate actively  
7 in the construction phase.

8 MR. STEEVES: I'm sorry, I'm  
9 not following you, which corporations?

10 MR. ROLAND : The corporations  
11 that Dr. Hobart referred to as the instruments of  
12 participation in development action.

13 MR. STEEVES: Thank you.

14 A The thing that I'm not  
15 sure I want to be committed to would be to say that you  
16 have to have a bunch of native corporations in place  
17 before you could proceed. I think that there should be  
18 commitments, arrangements, it be that the plans have  
19 that those corporations could be set up, for example,  
20 would be in motion before the construction began, but  
21 I don't know that I want to go so far as to say, well,  
22 you've got to get those organizations together, get them  
23 on stream in a sense before you proceed.

24 MR. ROLAND: Well, what troubles  
25 me then, is if you put emphasis on qualities of control,  
26 a perception of not being ripped off, active economic  
27 benefit and acquisition of labour skills, I have some  
28 trouble seeing how putting emphasis as you do, on those  
29 elements that the construction could go ahead before these  
30 corporations are ready to participate. It seems to me



1 they get left behind.

2 A Yes.

3 This is taking me past the  
4 point where I've been able to think through it carefully.  
5 I think in principle it's possible that the planning  
6 or the commitment that these things will happen could  
7 ensure, for example, that -- well, I really can't pro-  
8 ceed because I don't have the pipeline construction  
9 process well enough in mind to say that this would or  
10 would not really have to precede that or the other  
11 thing.

12 I'm speaking then, in terms  
13 of consequences to be achieved or to be forestalled.  
14 I can't really make it more specific.

15 Q Well, I take it it would  
16 be your assessment that the natives in the Territories,  
17 at the present time, aren't prepared, they're not in  
18 a state of preparedness to organize or operate these  
19 corporations in an active way, would that be your assess-  
20 ment?

21 A I wouldn't want to say  
22 that there is nobody in the -- no native person in the  
23 Northwest Territories who has that sort of skill, and  
24 I'm aware of obviously a few people who have shown  
25 business acumen.  
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Trusty & Hobart  
Cross-Exam by Roland

1                                   Q     But you've said that  
2     these resources being available to the natives are a  
3     requirement and that you qualified that and you said  
4     that they -- it would be a requirement that they not  
5     only participate in some development action but in big  
6     pieces of action. Those were your words.

7                                   A     Yes, I said it was not  
8     to be pure tokenism.

9                                   Well, let me give an example,  
10    for example, that you could have native communities  
11    organize co-operatives which would contract for right-  
12    of-way maintenance. Now, so that it's conceivable  
13    that native people might monopolize all of that kind  
14    of activity. That would not be token, but to say,  
15    "Well, we'll give this little chunk of right-of-way  
16    maintenance to so-and-so community, but in effect  
17    the rest of it we'll put in the hands of a southern  
18    white outfit." That would be token. I hope that  
19    exemplifies that sort of thing I had in mind.

20                                  Q     Well, you made reference  
21    to the Alaska situation and there, as I think we all  
22    understand, there are these kinds of corporations that  
23    participate in some active and some not very active  
24    ways in the development, concerning the Alyeska Pipeline  
25    and some of them are engaged in joint construction  
26    ventures and so on. But you also said that the Alaskans  
27    are using a lot of white consultants.

28                                  A     Yes.

29                                  Q     I take it that the  
30    situation would of necessity be the same in the





Trusty & Hobart  
Cross-Exam by Roland

1 Territories if corporations were set up in a similar  
2 way in the Territories to participate in the construc-  
3 tion of a pipeline, that the native corporations would  
4 of necessity depend upon large numbers of white  
5 consultants.

6 A Certain kinds of native  
7 business enterprises would not need white consultants  
8 at all.

9 Q Let's take Alaska.  
10 Could you compare it to Alaska? Would you need more  
11 or less of assistance in the Territories as compared  
12 to the Alaska situation?

13 A I don't have enough detailed  
14 knowledge about the various kinds of ventures that the  
15 Alaskan native corporations are into, to be able to  
16 intelligently answer that question.

17 Q But you do know they are  
18 using a lot of white consultants?

19 A Yes, right.

20 THE COMMISSIONER: What  
21 are the businesses that native corporations/engage  
22 in without having to rely on white consultants? You  
23 were about to tell us.

24 A Yes. I think that for a  
25 Community like Fort Norman, to organize a co-operative  
26 which would negotiate a contract with the pipeline to  
27 accomplish right-of-way maintenance over a certain  
28 stretch of the pipeline right-of-way, I think that --  
29 well, they would need a lawyer in the process of  
30 negotiating the contract. There are some, I know of



Trusty & Hobart  
Cross-Exam by Roland

1 one native northerner who is articling at this point,  
2 I'm not sure if there are any native northern lawyers  
3 who have already completed the process. So that  
4 you might or you might not need an outside white at  
5 that point. But in any case, I think that the amount  
6 of outside white input needed at that point would  
7 be very, very minimal.

8 On the other hand, I can  
9 conceive that maybe for example, maybe there is need  
10 for a big new hotel in Inuvik and that the native  
11 people were the ones to build that hotel, build and  
12 manage that hotel. Now in that kind of venture I  
13 think that there would be no doubt a substantial amount  
14 of white consultant input, at least initially. The  
15 strategy of the native corporations or native  
16 businesses, of course, would be to have the white  
17 consultants work themselves out of a job just as fast  
18 as they possibly could.

19 MR. ROLAND: Q Dr. Hobart,  
20 back to that condition we're talking about. As I  
21 understand it, one of the reasons that you put  
22 forward that condition is because in your opinion the  
23 natives might not be able to benefit from the pipeline  
24 construction and operation phase because of a non-  
25 competition attitude that you talked about, and that  
26 they might be pushed into the background with respect  
27 to jobs and so on.

28 A No, that wasn't my  
29 reason for putting it in at all. I had something  
30 entirely otherwise in mind.



Timothy A. Hobart  
Cross-Exam by Roland

1 Q Well, as I understood  
2 the non-competition attitude was something that  
3 prevented, in your view, the natives from competing  
4 obviously with whites for jobs.

5 A No.

6 Q And that the solution  
7 to that was their own corporations or development  
8 entities.

9 A No, no. Mr. Bayly  
10 brought up the business of competition in the course  
11 of cross-examination, but in responding to him I sought  
12 to say that personal competition and formal competi-  
13 tion are quite different kinds of competitive events  
14 in my perception, and that the reluctance to engage  
15 in competition with whites was apparent in the former  
16 but not in the latter.



Trusty & Hobart  
Cross-Exam by Roland

1 Q Well in concrete situations  
2 where would that arise?

3 A Well as I said earlier,  
4 I had the Inuvik situation in mind.

5 Q I take it that was social  
6 competition you were talking about.

7 A Yes. Your question  
8 again then? I am sorry.

9 Q I take it in Inuvik you  
10 were talking about the social competition?

11 A Yes.

12 Q But you don't make the  
13 same distinction with respect to job or economic  
14 competition?

15 A Yes, I do not.

16 Q Why is that? What's  
17 the difference? It seems to me the elements are the  
18 same.

19 A Because in the first  
20 case you are interacting in the same arena over an  
21 ongoing period of time. In the case of job competition,  
22 the competitors may never come face to face at all.  
23 Frequently, it's a situation where you enter. You  
24 submit an application. Somebody else submits an  
25 application. A committee or what will you, makes the  
26 decision. There is no personal face to face subjectively  
27 competitive aspect about it at all.

28 Q Well what about the on  
29 the job situation of advancement? That's face to face  
30 competition.





Trusty & Hobart  
Cross-Exam by Roland

1                   A     Heretofore, most native  
2 people have not been in job situations where there were  
3 very clearly specified opportunity ladders up which  
4 they might advance. So, I guess I would have to say  
5 that I don't know that we've seen what would happen in  
6 that case.

7                   Q     Well, do you see any  
8 distinctions between the social competition you talk  
9 about and that on the job competition for advancement?

10                  A     My point would be that  
11 one can successfully "compete" for advancement without  
12 competing. That is to say, one can simply excel and  
13 in the process of excelling one gains the -- would excel  
14 in the sense of perform very well -- and as a con-  
15 sequence of that, one is awarded the advancement.

16                  I think that pre-occupation  
17 with advancement is far more characteristic of southern  
18 whites than it has yet been of most native people. So,  
19 if native people take a job, they take a job. Whites  
20 take a job, they may be very much more frequently  
21 establishing themselves on a ladder from which they can  
22 move upward.

23                  Q     Now you've said that:  
24 "... inter-ethnic interaction and the non-prejudicial  
25 attitudes are related directly to contact between  
26 status equals."

27                  A     Yes.

28                  Q     Let me put some implications  
29 of that for the purposes of the construction period and  
30 we could say the operation period as well. I take it



Trusty & Hobart  
Cross-Exam by Roland

1 first of all in response to answers from Mr. Bayly  
2 that you recognize a need for native foreman supervisors.  
3 And that efforts should be made to advance natives  
4 into those positions. That's an implication from them.

5 A I made two points and I  
6 am a bit confused as to which point you might be alluding  
7 to. On the one hand, I talked about the need for  
8 straw-bosses who are supervisors.

9 Q No. I'll get to that.  
10 I am not talking about that.

11 A O.K. On the other hand,  
12 native people simply ought to be promoted when they  
13 show the requisite abilities like any and everybody  
14 else.

15 Q That follows from your  
16 principle that they should be status equals in order  
17 to prevent prejudicial attitudes arising?

18 A Yes. Right.

19 Q I think you said that  
20 the natives in your experience have demonstrated  
21 abilities equal to and often beyond whites on the job.  
22 But that they don't have, in terms of foreman and  
23 supervisory positions -- they don't often have the  
24 reporting and communication skills necessary to fill  
25 those positions?

26 A I think I said they may  
27 not have the reporting and communication skills. That  
28 is, certainly those skills are far less widely distributed  
29 in the Territories today than they are amongst  
30 southern whites.



Trusty A Hobart  
Cross-Exam by Roland

1 Q So I take it if effort  
2 is to be made to put natives into foreman and supervisory  
3 positions, there should be some training programs for  
4 those that have the ability to acquire those skills  
5 needed.

6 A I would agree definitely.  
7 There is need for specific upgrading kinds of training  
8 where men have a particular strategic lack.

9 Q Secondly, that there is  
10 a need to instruct and orient and counsel non-native  
11 supervisors. I think you've said that?

12 A Yes.

13 Q I take it you would  
14 agree that the goal of dampening prejudice or  
15 preventing it from occurring might be enhanced by  
16 pre-job evaluation of supervisors to determine their  
17 attitudes before they are on the job?

18 A Pre-evaluation of --

19 Q Of the supervisor  
20 himself. Some sort of attitudinal study.

21 A I think there's several  
22 ways in which the general function that I have  
23 suggested was important there might be accomplished  
24 and that would be one.

25 Q Yes. Would you also  
26 agree with me that regular meetings between say native  
27 counsellors and the supervisory personnel would be a  
28 good idea once on the job site in order that prejudicial  
29 attitudes be stemmed at an early stage?  
30





Trusty & Hobart  
Cross-Exam by Roland

1 A Definitely. Nortran has  
2 done that, as you may know.

3 Q Now, at page 10 of  
4 your presentation --

5 A Of which presentation,  
6 if I may ask?

7 Q Panel 4.

8 A Right.

9 Q I'm a little confused  
10 about what you say with respect to native counsellors.  
11 Who do you think should carry out that function of  
12 counselling?

13 A That is, I think at the  
14 bottom.

15 Q You talk about natives  
16 going to white foremen with their troubles rather  
17 than to fellow-natives.

18 THE COMMISSIONER: You said  
19 that had been the experience at Nortran.

20 A Yes. I think I'm saying  
21 two things here which trench on each other. The  
22 function of the supervisor-counsellor in the Nortran  
23 program was a very important function, I think. Part  
24 of that was a counselling function; part of it was  
25 a trouble-shooter and identify points of misunderstanding  
26 before they festered into difficulties. That  
27 sort of thing. The thing that interested me was  
28 that the counsellors made the rounds, they were  
29 available at the end of the phone any time anybody  
30 wanted to call them; but the trainees were in daily  
interaction with their foremen and under those daily



Trusty & Hobart  
Cross-Exam by Roland

1 interaction situations the foremen in fact became  
2 more important as a person for friendly advice than  
3 did the supervisor-counsellor. That doesn't mean that  
4 the supervisor-counsellors did not perform many important  
5 functions as well. It meant, though, that the racial  
6 barriers which obviously existed were breached very  
7 significantly, in the case of the trainee-foreman  
8 relationship.

9 Q On page 19 you state  
10 that "prejudicial attitudes and behaviour are subject  
11 to manipulation by orders and regulations,"  
12 and you cite the U.S. Army experience. Could you  
13 specify what orders and regulations you're referring to?

14 A Well, the situation was  
15 there that the Army simply decided that it was going  
16 to desegregate, and some people got pretty upset  
17 and wrote their Congressman and that sort of thing, but  
18 those were the rules which were in force and people  
19 simply swung into line.

20 Q Well, is there anything  
21 that we can learn in an operational way about that?

22 A I think so. I think --  
23 well, I think that Gulf's experience was essentially  
24 the same. When they began the hiring of Coppermine  
25 people they had a supervisor orientation session  
26 in September, and they laid down the word pretty  
27 heavy, "This is the way it's going to be, like it or  
28 lump it. If you don't adapt, why, better look for a  
29 job elsewhere."

30 The consequence of that was



Trusty & Hobart  
Cross-Exam by Roland

was that  
that there simply was no attempt to sabotage that  
move. There were men who were initially very mis-  
trustful of the success likelihood, but they read  
the handwriting clearly enough, and like it or not,  
they co-operated in this change of policy. Now what  
I mean to suggest is that an equally firm position  
is going to control the behavior, the prejudicial  
behavior which would otherwise be troublesome and  
disruptive.

Q Now, going to your  
straw-boss crews, that seems to me in contradiction  
of what you've earlier said about there being completely  
integrated crews. Could you maybe straighten out  
that contradiction for me?

A Yes. The point there  
is that in the case of Coppermine workers, there were  
men who really spoke very little English, just  
virtually no English. There were some men, a few who  
were very fluent in English, and the problem that was  
a, well, a rather difficult problem during the first  
year was that many of the men who seemed superficially  
to have pretty fair command of English, if given  
direction, they would go, "Yeah, yeah, yeah," and  
the most relevant comment on that was one I got from  
the Gulf supervisor employee who had had more experience  
in the north than anybody else, and he said, "When I  
see one of the Coppermine fellows going, 'Yeah, yeah,  
yeah,' I know he doesn't understand." Now there are some  
reasons why you get that kind of response, but the  
point I'm making then is that there were communication





Trusty & Hobart  
Cross-Exam by Roland

1 problems which were troublesome at times, that is  
2 people thought something was understood and it was  
3 not. The best way of dealing with those was to  
4 have a group of men with that kind of problem work  
5 under somebody who both understood the language and  
6 was clued into the nature of the work that was being  
7 performed anyway, so that he became a kind of an  
8 interpreter-straw boss.

9 Q Well, I take it what  
10 you're telling me then is, in at least the Gulf  
11 situation, is that there were such things as native  
12 work crews?

13 A There were such things  
14 as native workers?

15 Q Work crews, composed  
16 entirely of natives.

17 A Definitely, yes. The  
18 yard gang, as it's called at Swimming Point, which  
19 does a variety of work like unloading planes and  
20 stockpiling and that sort of thing, was exclusively  
21 native.

22 Q And these came about  
23 because of a language barrier, essentially, a lack of  
24 ability to communicate between whites and natives.

25 A Well, it came about for  
26 a variety of reasons.

27 Q As I understood what  
28 you've just said, those reasons are based upon the  
29 inability to communicate between white foremen or white  
30 workers and natives.





Trusty & Hobart  
Cross-Exam by Roland

1                   A     There had to be a yard  
2 crew. Why it was an all-native yard crew involved a  
3 variety of reasons is what I meant to be saying there.  
4 Now, I guess I'm not understanding your question.

5                   Q     Well, earlier you said  
6 throughout your presentation, I think in this one  
7 and the earlier one, there should be completely  
8 integrated crews. Now this seems to be an exception  
9 to that.

10                  A     Yes.

11                  Q     And as I understand the  
12 reason for the exception, the reasoning which a native  
13 crew was set up in this instance was because the whites  
14 and natives were unable to communicate with one  
15 another.

16                  A     My understanding is that  
17 Gulf's policy was to put natives into all jobs where  
18 they qualified with one exception, which is an  
19 interesting one, I think. They did not want to employ  
20 them as camp -- what's the term -- as flunkies, yes.  
21 But anything else, they had a preference for native  
22 employees. They hired natives if they could.  
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1                   Q     The point I'm trying to  
2 get at is there is a characteristic that was exhibited  
3 by those natives who were in those native work crews  
4 that was different than the natives who were found in  
5 integrated work crews. I take it there is some character-  
6 istic.

7                   A     Yes.

8                   Q     That distinguishes them.

9                   A     You had a range of English  
10 facility. Gulf wanted to fill all of the jobs that they  
11 could with native workers. Those who were unable to  
12 work alone, in the sense of understanding directions,  
13 or who were unable to work with a white crew because  
14 they could not communicate effectively with other members  
15 of that crew, were segregated, if you will, into a situation  
16 where the language handicap that they had did not  
17 jeopardize their job performance.

18                  Q     Right. So that, as far  
19 as pipeline construction goes, I take it that one of  
20 the things that should be done is to determine at the  
21 outset, whether the individual native has a communica-  
22 tion problem, vis-a-vis a white worker and if he does,  
23 then consideration should be made whether he should be  
24 put in a native work crew rather than an integrated  
25 crew?

26                  A     That's an important point,  
27 yes.

28                  Q     Now, what was the experience  
29 of this crew in their relationship with other crews,  
30 integrated or white crews?



Trusty & Hobart  
Cross-Exam by Roland

A     You mean their experience  
after working hours?

Q Both during working hours  
or after working hours.

A                      During working hours

they had very little interaction with whites because the interaction -- the directions, orders, came through the native straw boss. After hours, these men, who were basically older in the first place and men who had spent most of their life out on the land and whose -- most of their life had been in circumstances where they had very few opportunities to interact with whites. They tended to be among the shyer members of the Coppermine group, but in the course of time, the level of shyness tended to subside considerably and you got joking relationships, for example, developing which were within the limits of the communication ability, but there are some kinds of jokes that don't take all that much language facility, again, for example.

So, they were shy, but that does not mean that tensions and problems developed, no.

Q Well, was there any --  
was there any indication of prejudice?

A No.

Q Between the crews?

A I see what you're driving toward at that point. We're talking about relatively small groups at this point who ate together and so on, so the answer is no.

Q Would it be different in a





Trusty & Hobart  
Cross-Exam by Roland

1 large construction project?

2 A I think in a large construc-  
3 tion camp, where you had, 50 or a 100 natives segregated  
4 in one corner of the camp as it were and whites in the  
5 other corner --

6 Q Well, first we're just  
7 talking about crews right now.

8 A Okay.

9 Q We're not segregating  
10 anything but the crews.

11 A I think if all native  
12 employees worked only in segregated crews the potential  
13 for misunderstanding and prejudice and so on developing  
14 would be -- there would be a distinct potential there,  
15 yes.

16 Q How about segregation  
17 as we discussed it, that is natives that simply have  
18 a communications problem?

19 A I think under circumstances  
20 where you have a range of situations, that tends to  
21 counteract that potential because you don't know the  
22 members of that segregated work crew, but you know a  
23 native member or two in your own work crew or you have  
24 white buddies who are in work crews with native fellows  
25 and so on. There's a direct personal linkage or an  
26 indirect personal linkage as contrasted with the situation  
27 in which there is -- that kind of direct or indirect  
28 personal relationship does not exist.

29 Q Do you see any other  
30 problems arising from the kind of restricted segregation



Trusty & Hobart  
Cross-Exam by Roland

1 that we were talking about?

2 A No, I don't. I think  
3 I should add that the vast majority of native workers  
4 probably would have sufficient skills that that would  
5 not be necessary. That is, English fluency is much  
6 higher along the Mackenzie River corridor than it is  
7 in areas to the east and younger people have much  
8 better -- much more adequate skills at that point than  
9 older people and you put those two together and I think  
10 that we're talking about a minority of people, but it is  
11 an important minority. I would certainly want to emphasize  
12 that.

13 Q Now, as you recall, Ian  
14 Scott asked you a question last time you were on the  
15 panel and you were going to think about it and I take  
16 it from what you've said in panel four and in cross-  
17 examination that you've answered that question, but I'd  
18 like to give you the opportunity to say anything further  
19 in response to the question asked.

20 A Would you mind refreshing  
21 my mind about that precise question, please?

22 Q Well, the question, as  
23 I recall was that it was your opinion that if natives  
24 were not offered or did not have access to permanent  
25 wage employment rather than the seasonal employment  
26 that the pipeline would be of no benefit to them. I  
27 think your words were "no way."

28 A Yes, that the pipeline  
29 should not be built, in my opinion and I elaborated  
30 on that opinion yesterday in response to the Commissioner's



Trusty & Hobart  
Cross-Exam by Roland

1 question and this morning further in response to some  
2 questions raised by Mr. Bayly.

3 Q I take it you have nothing  
4 further to say about that?

5 A No, I simply want to  
6 reiterate, I think, in case it was not clear, that  
7 control -- the idea of control obviously ranges all the  
8 way from total control to very, very limited control,  
9 and I guess the sound of the word may have kind of a  
10 total connotation and I alluded to Mr. Thompson this  
11 morning as bearing on the issue in terms of just how  
12 that is very much more complex.



Trusty & Hobart  
Cross-Exam by Roland

1 THE COMMISSIONER: Well Mr.  
2 Thompson, who is one of the leading authorities in  
3 Canada on the oil and gas lease suggested that the  
4 system we've established for acknowledging property  
5 interests in oil and gas permits and leases could be  
6 accommodated to a native land settlement that acknowledged  
7 native interests, native proprietary interests in  
8 oil and gas.

9 He certainly made us all aware  
10 of the possibilities and at the same of the difficulties.  
11 We're grateful to him for that. I mean that. I thought  
12 it was a very good presentation of the way the law  
13 exists now and the way native interests might be  
14 fitting into that kaleidoscope of interests that already  
15 has been acknowledged in oil and gas properties.

16 A And on relating the  
17 idea of control to the idea of interests.

18 Q Yes.

19 MR. ROLAND: Turning to you  
20 Mr. Trusty, when you refer to a logistics and procurement  
21 personnel, I take it that the same policy with respect  
22 to hiring northerners and giving preference and training  
23 to them applies.

24 WITNESS TRUSTY: I'm sorry  
25 Mr. Roland. I am having difficulty in hearing you.

26 Q You've referred to  
27 logistics and procurement personnel.

28 A Yes.

29 Q I take it that the same  
30 policy that you enunciated with respect to construction





Trusty & Hobart  
Cross-Exam by Roland

1 crew personnel, that is the policy concerning a hiring  
2 preference  
3 for northerners and a training, applies to those  
4 logistics and procurement personnel?

4 A Yes sir.

5 Q Yes. On page five, you've  
6 indicated the functions of those personnel. One of the  
7 functions you refer to is co-ordination of transportation.  
8 What does that mean?

9 A Well, as I noted, those  
10 personnel -- those groups of approximately ten would  
11 be located in each of the four major communities. It  
12 is currently contemplated that the airport or airstrip  
13 facilities at each of those communities would be used.  
14 These personnel, as one of their functions would perform  
15 the role of scheduling those movements in and out of  
16 those airports.

17 Q Yes. Well, so that's 40  
18 people you've talked about?

19 A I'm sorry?

20 Q Those people are doing,  
21 among other things, scheduling aircraft in and out of  
22 those airports.

23 A Yes.

24 Q That's a total complement  
25 of 40 people, approximately?

26 A In four locations.

27 Q Yes. Referring you to  
28 figure one of Mr. Williams' presentation, he indicates  
29 that on that graph at the peak periods of construction  
30 that there will be -- it looks like something like in the



Trusty & Hobart  
Cross-Exam by Roland

1 order of eight to nine hundred people who -- I have  
2 some difficulty reading the category -- but it looks  
3 like field personnel for engineering, construction and  
4 something else.

5 A Yes, go ahead.

6 Q Those people aren't  
7 found on any of the lists of personnel in camps or on  
8 crews and there is some difference in numbers of eight  
9 or nine hundred between your 40 and Mr. Williams'  
10 800. Could you tell me who those people are and where  
11 they are found?

12 A They are additional to the  
13 spreads. Mr. Williams' numbers are -- his various  
14 tables are to give examples of spread sizes or camp  
15 sizes or crew sizes performing different functions.  
16 This is a small group of people in each of the four  
17 communities who are not attached to a spread or a camp  
18 but are located at or in those communities.

19 Q So in addition to the  
20 personnel cited in the lists of camp crews, there will  
21 be some eight or nine hundred administrative and  
22 engineering and construction personnel?

23 A I'm sorry. Where does  
24 this eight or nine hundred figure --

25 Q Well, I'm looking at the  
26 graph, figure one.

27 A Yes.

28 Q Mr. Williams' at the top  
29 -- at the height of the construction periods --

30 A Yes.



Trusty & Hobart  
Cross-Exam by Roland

1 Q In terms of manpower --

2 A Yes.

3 Q For instance, at the  
4 second year, it looks to me to be in the order of about  
5 eight or nine hundred people.

6 A You're talking about the  
7 top piece of that graph?

8 Q Yes.

9 A Yes.

10 Q These would be the  
11 administrative people, inspectors, payroll.

12 A Yes. They would be  
13 scattered through the camps all up and down the right-of-  
14 way. But in terms of people in communities, it's  
15 limited to those that I cited in my testimony.

16 Q So what you're telling me  
17 I take it then is that all the functions of accounting  
18 and payroll and contract supervision and employer  
19 relations and the technical and professional, office,  
20 clerical, supervisory, technicians such as survey  
21 technicians, draftsmen -- all those people will be  
22 found in the camps.

23 A That's correct.

24 Q I gather that the  
25 employment policies with respect to them will be the  
26 same policies as for the crews that have been listed  
27 in Mr. Williams's presentation.

28 A That's correct.

29 Q Do you have a breakdown  
30 of those additional people?





Trusty & Hobart  
Cross-Exam by Roland

1 A Do I have a breakdown?

2 Q Yes.

3 A Well you just gave me  
4 one. You mean a more detailed breakdown?

5 Q Well in terms of numbers  
6 and where they are going to be located or how many  
7 in each camp?

8 A No sir. I don't. I  
9 should note that, for example go to page eight of Mr.  
10 Williams' testimony. If you run down the positions,  
11 this is a typical construction spread south of 65<sup>0</sup>  
12 north latitude. If you go down that, you find:  
13 nurse, orderly, aid, pay clerk, cost clerk, timekeeper,  
14 camp supervisor, and so on. You get a lot of the kinds  
15 of people that you just listed to me. They're in the  
16 camp and in this case, in the spread list.

17 Q Yes. But there are  
18 no technical or professional <sup>people</sup> in the lists. There  
19 are no draftsmen?

20 A Well I don't know about  
21 that.

22 Q Or technicians -- survey  
23 technicians for instance?

24 A I saw a surveyor  
25 somewhere here. Surveyor or I.M. I don't know quite  
26 exactly what that means.

27 Q Well, I am told that in  
28 Alaska, there are some --

29 A Field engineer, assistant  
30 engineer. Those are professional people.



Trusty & Hobart  
Cross-Exam by Roland

1 Q I am told that in Alaska  
2 there are some 2,000 owner personnel with Alyeska.  
3 And that in the camps, there are found about 250 of those  
4 personnel. About 800 in Fairbanks and the remaining  
5 approximately 1,000 in Anchorage.

6 A Yes sir.

7 Q Now, are you telling me  
8 that all those people are going to be the same people  
9 performing those same functions are going to be spread  
10 through the camps?

11 A No sir. This information  
12 is north of 60<sup>0</sup>. The pipeline is being built from  
13 the Alaska - Yukon border to the Canadian - U.S. border.  
14 Many many of those functions that you are referring to  
15 in Alaska will be at the main construction headquarters  
16 which would be located in the south.

17 There's no information  
18 presented here on that. This is only information  
19 relative to the situation north of the 60th parallel.

20 Q I see. Thank you. Now,  
21 with respect to airport facilities, I take it that not  
22 only are large numbers of personnel going through the  
23 four major airports, but that there will be a good deal  
24 of cargo as well.

25 A Yes sir.

26 Q There will need to be  
27 additional cargo handling facilities for that?

28 A That's right.

29 Q Are these facilities going  
30 to be owned and operated directly by Arctic Gas or  
contracted out?



Timothy A. Hobart  
Cross-Exam by Roland

1                                   A     The reason that -- I'm  
2     not sure which page it is on the testimony now -- but  
3     the testimony notes that the precise decisions on how  
4     that will be accomplished will be done through dis-  
5     cussions with the airport officials and with the  
6     communities. We would see possibilities there for  
7     contracting, I think, there are possibilities for  
8     owner (Arctic Gas, in other words) equipment. It could  
9     vary by airport.

10                                  Q     Do you have any estimate  
11     of how many additional personnel would be involved  
12     in performing all those functions?

13                                  A     No sir, I don't. But  
14     they would not be resident in the community, unless it  
15     was contracted to a local firm, in which case it  
16     would be local residents.

17                                  Q     I take it that as far  
18     as those personnel are concerned, the same employment  
19     training policies apply.

20                                  A     Yes sir.

21                                  Q     And I gather that those  
22     positions will be identified at an early stage so  
23     that employment opportunities may be made known to  
24     the people of the north, and as well, training  
25     programs for them.

26                                  A     Yes sir, they'll be  
27     identified as the detailed planning proceeds, gets  
28     to that level of detail.

29                                  Q     Now with respect to  
30     transportation, and restricting ourselves for the moment to



Trusty & Hobart  
Cross-Exam by Roland

1 barges, as I understand your presentation there are  
2 essentially two principles that you enunciate. One is  
3 that there should be no interference with community  
4 re-supply, and in calculating community re-supply you  
5 use a growth factor of 15% a year.

6 A Yes sir.

7 Q And I take it that  
8 principle applies both during the construction phase  
9 and during the post-construction.

10 A The principle of not  
11 interfering?

12 Q With community re-  
13 supply.

14 A Yes sir.

15 Q And I put it to you  
16 that that principle, to properly operate, should give  
17 a preference to community re-supply where there are  
18 -- where there is a shortfall in capacity or a  
19 possibility of such a shortfall during peak logistic  
20 supply periods.

21 A I don't follow you,  
22 sir.

23 Q Well, if there's -- on  
24 the wharf if there is more material that can be put  
25 on the barges during the peak logistic supply period,  
26 that the community re-supply took preference. I take  
27 it that follows from your principle.

28 A No sir, I don't think it  
29 does in the way I understand you to be saying it.

30 Q Well, what --





Trusty & Hobart  
Cross-Exam by Roland

1 A Take another run at it.

2 Q Well, I take it that

3 there is a possibility that at the peak logistic  
4 periods there will be --

5 A Whose logistics? Arctic  
6 Gas's?

7 Q Arctic Gas's, there will  
8 be a shortage of capacity.

9 A Nosir, I don't think there  
10 is that possibility.

11 Q Well, let's say that there  
12 is the possibility and it occurs. In that situation  
13 as a matter of principle, --

14 A Then I would agree with  
15 you.

16 Q -- you would agree with  
17 me?

18 A Yes sir, if that  
19 situation occurred.

20 Q Now, how would you  
21 define or how would that policy define community re-  
22 supply?

23 A You mean what's that  
24 15% growth factor entail, is that what you're --

25 Q Well, for instance the  
26 growth factor may be greater than 15%.

27 A The growth factor at  
28 this point in time was taken into account or was --  
29 sorry, let me start again. That growth factor was  
30 received by Arctic Gas from Northern Transportation.



Trusty & Hobart  
Cross-Exam by Roland

1 They made estimates of the normal traffic allowed for  
2 increased exploration and development, and I forget  
3 the components, how it breaks down, but that's not  
4 really too material. They allowed for the growth that's  
5 going to be occurring over and above the normal growth  
6 you would have in the absence of the project. In  
7 addition, my understanding is that Arctic Gas facilities  
8 and capacity requirements are being oversized to  
9 account for any possible surge effects or whatever.

10 Q Well, as I understand  
11 you then in defining the community re-supply, you would  
12 say that it's all northern needs not directly associated  
13 with pipeline construction, or --

14 A That is correct, yes.

15 Q And the second principle  
16 that you cited under the heading of water transport  
17 is that barge rates not increase beyond the amount  
18 that they would increase without a pipeline.

19 A That's correct.

20 Q And I take it --

21 A I cited that in terms  
22 of an attempt to minimize any increase.

23 Q Yes, but that's the  
24 principle upon which --

25 A That's correct.

26 Q -- I take it Arctic Gas  
27 is going to make arrangements with the transportation  
28 companies.

29 A Yes sir.  
30



Titus & Hobart  
Cross-Exam by Roland

1 Q And that that principle  
2 applies both during construction and after construction.

3 A Yes sir.

4 Q Now, I also gather that  
5 you would accept the possibility that wage rates paid  
6 by transportation companies to the personnel to  
7 operate their equipment may rise beyond the normal  
8 increase that would occur or might occur without a  
9 pipeline.

10 A That's why the phrase,  
11 "related to the acquisition of new equipment"  
12 was inserted in the policy statement, because the  
13 policy statement does not cover that possibility that  
14 you just cited.

15 Q So that if wages increased,  
16 beyond the normal rate of increase as a result of  
17 competition for labor during pipeline construction,  
18 and those wages remain high, there is no calculation  
19 taken to keep the barge rates down as a result of  
20 that.

21 A No. That could have  
22 an adverse effect.

23 Q Yes. Now, who will  
24 operate these barges?

25 A That I don't think has  
26 been fully determined yet, sir.

27 Q Well, has it been deter-  
28 mined whether one of the present transportation companies  
29 will operate the barges?

30 A Or all of them.





Trusty & Hobart  
Cross-Exam by Roland

1 Q Rather than Arctic Gas  
2 or a company created by Arctic Gas for that purpose?

3 A I think that's the  
4 direction it's going, yes sir.

5 Q And I take it that  
6 that's an important principle with consequences that  
7 are recognized by Arctic Gas.

8 A Well--

9 Q That the companies  
10 themselves, the present transportation companies  
11 operate those barges rather than Arctic Gas or a  
12 company created for that purpose.

13 A Well, before I agree or  
14 disagree, what do you mean by "consequences"?

15 Q Well, as I understand,  
16 the profit from barging is found with what's called  
17 P.O.L. and standardized cargo, "P.O.L." being  
18 petroleum oil<sup>and</sup> lubricants, and standardized cargo such  
19 as pipe, and there being by and large a one rate,  
20 one barge rate that the fact that those commodities  
21 may be loaded and unloaded fast and efficiently creates  
22 a high profitability in transporting those materials  
23 as compared to normal community re-supply.

24 A That sounds plausible.

25 Q Do you agree with that?

26 A That makes sense, yes.

27 Q And that if for instance  
28 the equipment is owned by Arctic Gas and operated  
29 by them after the construction period and they will  
30 obviously use it to transport their own materials which



Trusty & Hobart  
Cross-Exam by Roland

1 will be largely those materials I referred to, indus-  
2 trial materials, that that will require community  
3 re-supply rates to rise, they being much less profit-  
4 able.



1                   A     I follow where you're  
2 going now. There is no intent on Arctic Gas' part,  
3 that I'm aware of to run their own barge system, if that  
4 can possibly be avoided.

5                   Q     I see, and that's on  
6 the principle that keeping the community re supply  
7 rates, down after construction.

8                   A     That's certainly related  
9 to it, yes sir.

10                  Q     Yes. With respect to  
11 a training of personnel to operate the additional, I  
12 believe it's eight tugs to be added to the system,  
13 which as I understand takes approximately 11 men each.

14                  A     Yes sir.

15                  Q     Who -- first of all, is  
16 going to train those men?

17                  A     There have been discussions  
18 between Arctic Gas personnel and N.T.C.L. personnel  
19 and I presume others on this question of training, there's  
20 been no resolution yet, as to exactly who should train  
21 them or how they should be trained.

22                  Q     Has there been any  
23 arrangements made with respect to financing the training?

24                  A     No arrangements made, no  
25 sir.

26                  Q     Concerning the additional  
27 shore facilities as the principle that I enunciated with  
28 respect to the operation of barges, both during and  
29 after construction and who owns that equipment, I take  
30 it you recognize applies as well to <sup>new</sup> shore facilities?



1 A Yes sir.

2 Q And that on the same  
3 principle, Arctic Gas would not own and exclusively  
4 operate those shore facilities after construction?

5 A No sir, that's correct.

6 Q Now, in your manpower  
7 calculations I gather that they don't take account,  
8 that is the calculations that were put forward in  
9 panel three, they don't take account of additional  
10 manpower for trucking contracted out or for personnel  
11 for air service, additional air service such as pilots  
12 and maintenance crews and administrative staff and  
13 additional personnel for the C.N. Telecommunications?  
14 I take it all those are persons that will need to be  
15 added to the systems, the respective systems during  
16 the construction phase.

17 A Now, you're referring  
18 to the estimates that were in my testimony in panel  
19 three?

20 Q Yes. -

21 A That's not quite correct.  
22 You must recognize that those estimates at that time  
23 simply weren't that precise, for example, at the time  
24 those estimates were made it hadn't been decided whether  
25 a satellite system would be used or a land micro-wave  
26 system, but you may also recall that there was a category  
27 in the table for transportation of equipment, storage  
28 and supply. Included in that, by way of example were  
29 personnel on the railroad that would be added up to  
30 Hay River, as well as personnel on the barging system.





Trusty & Hobart  
Cross-Exam by Roland

1 Q But not trucking?

2 A Sorry?

3 Q But not trucking?

4 A I really -- I'd have to

5 see the work sheets again to recall whether there was

6 some trucking. I don't think that the trucking estimate

7 would be equivalent to what is now built in to Mr.

8 Williams' kind of calculations.

9 Q And do you have any cal-

10 culations, either here or some other place with respect

11 to the additional personnel in those three areas; that

12 is trucking, air service and telecommunications?

13 A In my testimony there

14 are estimates of the number of personnel involved in

15 the staging complex as a whole and that includes

16 trucking and that's the bulk of the trucking. That's

17 -- or at least in a sort of a line haul movement sense

18 and there are trucking personnel included in those

19 figures.

20 Q How about air service?

21 A Well, my understanding

22 is that air strips associated with the compressor station

23 or an Arctic Gas facility, those numbers are included

24 in the Manpower estimates.

25 If you're talking about personnel

26 involved in a commercial operation that might be

27 contracting services to Arctic Gas, I do not think

28 that there are estimates of that.

29 Q Could you provide me with

30 some estimation of those additional personnel?



Trusty & Hobart  
Cross-Exam by Roland.

1                   A     I can check into it sir,  
2 I can't say that I can provide them, I'm not sure they're  
3 available.

4                   Q     Okay, and the same thing  
5 with respect to C.N. Telecommunications, any additional  
6 personnel there.

7                   A     Yes sir, just let me make  
8 a note.

9                   Q     I ask you for this because  
10 I -- as I gathered from your evidence that this is --  
11 this base figure is important in calculating, making  
12 the calculation by using a multiplier to get  
13 the additional persons --

14                  A     It depends what you con-  
15 sider important sir. If -- suppose the number came out  
16 to be 200. You know, given that one is rounding things  
17 and one is working with a multiplier that may be off  
18 then what's important is a very relative matter, and I'll  
19 certainly attempt to get those numbers if they're  
20 available, but --

21                  Q     But the multiplier would  
22 apply to those numbers? That is accepting the Van Ginkel,  
23 the multiplier of 1.5.

24                  A     Well, --

25                  Q     You agree with that.

26                  A     Leave off the last part of  
27 your phrase because I don't agree with it and just say,  
28 applying a multiplier, yes, the multiplier would apply  
29 to it.

30                  Q     Well, are you telling me



Trusty & Hobart  
Cross-Exam by Roland

1 now that you reject the Van Ginkel 40 - 60?

2 A No sir. You misstated it,  
3 you said 1.5.

4 Q Well, as I calculate it,  
5 1.5 is a 40 - 60 breakdown.

6 A That's right, but as I  
7 noted in my testimony, the calculations involved going  
8 through several iterations and when you come to the  
9 bottom line of that you no longer have a nice pure 40 -  
10 60 break and therefore you no longer have the multiplier,  
11 2.5. The 2.5 is a step in the process but it's not a  
12 precise multiplier. 2.5 is what a 60 - 40 ratio works  
13 out to, but the 60 -40 ratio is a step in the calculations.

14 Q Now, without trying to  
15 test everybody's patience in this area of multiplier and  
16 in-migration, I'd just ask you Mr. Trusty, to refer to  
17 page 42 of Van Ginkel, which seems to me, setting aside  
18 all these calculations and so on to graphically and in  
19 a very dramatic way illustrate as far as Mr. Van Ginkel  
20 was concerned, the amount of in-migration that could  
21 be expected during <sup>the</sup> construction period and after the  
22 construction period.

23 A You're on page 42?

24 THE COMMISSIONER: Mr. Roland,  
25 don't apologize for insisting upon an examination of  
26 studies such as the Van Ginkel study, the Gemimi North study  
27 or any other study. Millions of dollars have been  
28 spent by the government and by the industry in examining  
29 potential impacts on the environment and on the economy  
30 and on the people of the north and this Inquiry is for





Trusty & Hobart  
Cross-Exam by Roland

1 the purpose of bringing these studies here so that they  
2 can be examined and can be challenged, otherwise they  
3 will be sitting on the shelves unread and unexamined  
4 and this is the only way in which all of these studies  
5 are going to be put to any worthwhile use, so carry  
6 right on.

7 A We were on page 42, Mr.  
8 Roland?

9 MR. ROLAND: Yes, the graph at  
10 the bottom of page 42.

11 A Yes sir.

12 Q Am I correct in assuming  
13 that the persons -- the labour force, the number of  
14 workers between the line called, "Total Labour Force"  
15 and the line called "Total Employment", would have to  
16 be in-migrants of necessity?

17 A Well, no you're not, and  
18 to explain that is fairly complex and we can go through  
19 it.

20 Q M-hm.

21 A How do you want to start?

22 Q Well, the total labour  
23 force is calculated on the lower line, throughout the  
24 period 1975 and 1985 and Van Ginkel uses the graph to  
25 indicate the total employment, which I take it is the  
26 number of jobs available in the north.

27

28

29

30



Trusty & Hohart  
Cross-Exam by Roland

1                   A     On a total region basis  
2 without regard for where people live, spend their  
3 incomes and therefore without regard for modifications  
4 to the induced effects. In other words, this portion  
5 of the report simply took total primary and secondary  
6 jobs including those outside the hydrocarbon industry,  
7 applied the 60:40 ratio and thereby deduced total jobs.  
8 Let me just finish Mr. Roland if I may, please.

9                   Q     Yes.

10                  A     But subsequent portions  
11 of the calculations then were involved in allocating  
12 those jobs to communities and seeing what tertiary or  
13 quaternary jobs would come about. When you go through  
14 that exercise, those numbers change and that's why I  
15 was saying that that's not -- this table is not the  
16 whole -- sort of the bottom line of the report if you  
17 like.-- or that chart.

18                  Q     Well, I take it then that  
19 what you're saying is the 40:60 calculation isn't  
20 correct.

21                  A     No sir. I am not. I am  
22 saying that the study was done and it involved a series  
23 of iterations -- a series of calculations and at each  
24 stage, new information is added. As you go through  
25 that, it settles down to final numbers. This is a very  
26 preliminary stage in those iterations.

27                  Q     Well is there a graph  
28 that corrects these preliminary errors?

29                  A     There is not a graph but  
30 there are tables. Let me just find the appropriate one



Trusty & Hobart  
Cross-Exam by Roland

1 one here. If you turn to page 46--on page 46, jobs  
2 get translated in terms of population for all the  
3 communities and therefore for the total region, for  
4 a series of options about -- concerning where people  
5 live and spend their incomes. That set of calculations  
6 or that set of results is what comes out after you've  
7 going through all the iterations.

8 The section at the back of the  
9 report I believe it's appendix A, explains step by step  
10 that procedure. The page reference there is -- that  
11 explanation begins on page 75.

12 To help understand this a little  
13 bit, let me note that in doing the first cut, the 60:40  
14 ratio was just applied on a total region basis. It  
15 got to --

16 Q It excluded pipeline and  
17 gas plant personnel -- construction personnel.

18 A That's correct. Yes.  
19 That was the debate I was having with Mr. Scott the  
20 other day on that matter and those are excluded. It  
21 deals with permanent jobs and therefore permanent  
22 in-migrant requirements.

23 Now, when the 60:40 ratio  
24 was applied on a total regional basis initially, but  
25 when it came to do community specific portion of the  
26 calculations, the 60:40 ratio was used for the four  
27 large communities and a 50:50 ratio was used in the  
28 small communities on the grounds that you don't get  
29 the same kind of spin-off effect in a small community as  
30 you do in a large community because of relative





Trusty & Hobart  
Cross-Exam by Roland

1 economic maturity.

2 Q Well then, I take it  
3 on that basis that the curve titled "total employment"  
4 would look the same but it would move down slightly?

5 A That's correct. The total  
6 employment portion moves down. That's exactly right.

7 Q How much would it move  
8 down?

9 A Let me think if the  
10 number is there in a specific way in the report.  
11 I don't believe that it is ever specified as an  
12 employment number. It's specified as a population  
13 number rather.

14 Q What's the population  
15 number?

16 A I beg your pardon?

17 Q Can you tell me the  
18 population number?

19 A Well that's on that  
20 table you were just looking at on page 45. It depends  
21 which of those options you're looking at but it ranges  
22 from a population of 21,330 in which case there are still  
23 789 transients coming back and forth to fill certain  
24 jobs to a level of; the highest is 26,815 in which case  
25 everybody resident in the region who is filling a  
26 permanent job in the region.

27 Q What multiplier does  
28 Van Ginkel use to determine population from the number  
29 of workers?

30 A Well, population gets a





Trusty & Hobart  
Cross-Exam by Roland

1 little more complex because you have to start out with  
2 labor force participation rates to get the labor force  
3 that could fill the jobs that are made available. There,  
4 the participation rate was taken to be 40%, i.e.,  
5 the Canadian average for the four large communities  
6 which assumes some change from the current situation.  
7 It's currently lower than 40%. It was taken to be  
8 30% for the small communities which allows for more  
9 people in the small communities who don't choose to  
10 participate in that kind of activity.

11 Then there is a question of  
12 determining how many bachelors and how many married  
13 people there are and that used a 20:80 breakdown which  
14 is the current average. Then there is the question of  
15 family size which was taken at 3.5 which is the current  
16 average.

17 All of those things go -- oh,  
18 I'm sorry. There is also female participation in the  
19 work force. All of those things go into determining  
20 the population effect you get from an employment effect.  
21 It's not a simple multiplier.

22 Q Well, I take it from all  
23 that you tell us and the statistics that are cited and  
24 readily available in Van Ginkel that it would be  
25 possible to work out how far that line total employment  
26 on the graph on page 42 -- how far that line moves  
27 down?

28 A Yes sir, I think it would.  
29 That could be done.

30 Q Would you mind doing that



Trusty & Hobart  
Cross-Exam by Roland

1 for me? I don't think I could.

2 A Not right now?

3 Q No, I'm not talking about  
4 now, but could you provide me with that?

5 A Yes.

6 Q Now with respect to camps,  
7 is it Arctic Gas's policy that native food be provided  
8 to native construction workers?

9 A Could I just write a note  
10 first, Mr. Roland?

11 Q O.K.

12 A That's fine. I am ready.

13 Q Camps. Native food,  
14 is that going to be provided to construction workers?

15 A To my knowledge, that  
16 hasn't been debated one way or the other at this point.

17 Q Sticking with camps for  
18 a moment, as I understood Mr. Hollands the other day,  
19 and I believe you sir, you indicated that it was the  
20 policy of Arctic Gas to discourage living arrangements  
21 in which workers brought their families, spouses or  
22 girlfriends to live in an arrangements in which the spouse  
23 was not an employee on the camp site?

24 A That's correct.

25 Q And that it was undecided  
26 whether married people who are both employees on the  
27 camp site would be permitted to live together?

28 A Yes sir, that's correct.  
29 As I recall Mr. Hollands, he noted that both kinds of  
30 situations occur in Alyeska.



Trusty & Hobart  
Cross-Exam by Roland

1 Q As I understand in  
2 Alyeska, there is another situation that occurs and  
3 that's when men and women meet in camps and decide to  
4 live together and that's permitted in some camps.

5 A It may be. I'm not  
6 aware of that situation.

7 Q Is there a policy  
8 enunciated there?

9 A Not that I'm aware of no.

10 Q Now, in your presentation  
11 with respect to health service, you talked about  
12 co-ordinating medical evacuations from the camps.  
13 I wonder if you've turned your mind to co-ordinating  
14 other special services -- community services for northern-  
15 ers returning to their communities and in need of some  
16 kind of social service such as mental health treatment  
17 and alcohol problems and so on.





Thurby & Hobart  
Cross-Exam by Roland

1                   A     You mean about this  
2 service being provided in the communities?

3                   Q     Yes, and is it the  
4 policy of Arctic Gas that they would co-ordinate the  
5                               and  
6 delivery of those services/ the availability of those  
7 services to northerners returning to their home  
8 communities? So that, for instance, someone who  
9 is terminated because of an alcohol problem can return  
10                               and  
11 to his northern community/ would find that there is  
12 a service that was aware that he was returning for  
13 that reason and would act accordingly?

14                   A     Arctic Gas has not  
15 contemplated that as a responsibility that it should  
16 assume, no sir.

17                   Q     Well, I put it to you  
18 that it's a responsibility assumed by Alyeska, and it's  
19 a responsibility it seems reasonable Arctic Gas would  
20 assume.

21                   A     Are you saying to me  
22 it is assumed by Alyeska?

23                   Q     It is assumed by  
24 Alyeska, yes.

25                   A     In the communities?

26                   Q     Yes, it is, through  
27 native counsellors.

28                   A     In the native communities?

29                   Q     Yes.

30                   A     I wasn't aware of that,  
sir. That's certainly something that could be taken  
under advisement.



Twenty A Hobart  
Cross-Exam by Roland

1 Q Now, my last topic,  
2 and I'll try and be short, is inflation.

3 A Excuse me, Mr. Roland,  
4 but on that last question we are going to have the  
5 counselling service. I took what you meant to be that  
6 for example, the construction or operation of centres  
7 like a Detoxication Centre or the hiring of psychiatric  
8 personnel and the location of those personnel in the  
9 small communities. Now I don't want to be misunderstood  
10 in that we do intend, or Arctic Gas does intend to have  
11 counsellors. That, Mr. Hollands, said quite clearly  
12 there would be counsellors to assist native people with  
13 a range of difficulties and that certainly would be  
14 done. Some of that activity might very well go on  
15 in the community.

16 Q And that includes co-  
17 ordinating the delivery of those services to natives  
18 when they return, and other northerners when they  
19 return to their own communities.

20 A It could.

21 Q O.K., my last topic is  
22 inflation, and as I read your presentation there is  
23 in essence only one element of inflation that is not  
24 entirely in the applicant's control, and that being  
25 the policy enunciated both by Arctic Gas and the  
26 guidelines to employ northerners, and that being one  
27 of the elements that you cite of inflation. That's the  
28 only one that the applicant doesn't have control over.

29 A I'm sorry, I don't  
30 follow you.



Trusty & Hobart  
Cross-Exam by Roland

1 Q Well, if inflation occurs  
2 as a result of that, there's nothing that the applicant  
3 can do about it.

4 A And what other kind of  
5 inflation does the applicant have control over?

6 Q As a result of northern  
7 procurement, which as I understand your presentation,  
8 it's the policy enunciated in it that Arctic Gas, if  
9 inflation was determined to be of such an extent that  
10 radical steps were necessary, Arctic Gas could and  
11 might go as far as ceasing to procure anything north  
12 of 60.

13 A Well, sir, I didn't  
14 say that. I certainly didn't intend to say it.

15 Q I take it then that you  
16 recognize that there is going to be, and I think your  
17 presentation does, that there is going to be an  
18 inflationary effect as a result of procurement in  
19 the north and as a result of the employment of norther-  
20 ners.

21 A Yes.

22 Q That's inevitable.

23 A Well, inevitable to some  
24 degree, probably.

25 Q The question really is,  
26 what degree is acceptable and what can be done to  
27 keep it within those acceptable limits? Am I right?

28 A Yes, I'm with you.

29 Q One of the things, it  
30 seems to me, that has to be done is a monitoring of





Trusty & Hobart  
Cross-Exam by Roland

1 that -- of the inflation during construction period.

2 Do you agree with that?

3 A Yes sir.

4 Q And --

5 A That would be a useful  
6 thing to be doing.

7 Q And does Arctic Gas  
8 intend to do that?

9 A It hasn't been currently  
10 contemplated, no sir.

11 Q It would be pretty  
12 difficult to determine policies with respect to the  
13 problem of inflation if you didn't know what the  
14 inflation rate was.

15 A I think there's a mis-  
16 understanding here. I did not want to say or intend to  
17 say that if inflation was rising, that Arctic Gas  
18 would unilaterally decide to cut off local procure-  
19 ment. That would be, in my mind, the same as unilat-  
20 erally saying, "We won't hire anybody in the north  
21 because they're spending their money and it's causing  
22 inflation."

23 I think that what I intended  
24 to say is that there is flexibility in this area,  
25 given the supply patterns in the north versus the  
26 linkages to the south, and that all parties co-operating  
27 might find that it's appropriate to modify procurement  
28 in one respect. Let me give you a specific example.  
29 I think one that needs discussion is the procurement  
30 of groceries, because in my mind that's an item that's





Trusty & Hobart  
Cross-Exam by Roland

1 very susceptible to inflation. On the other hand,  
2 there can be some very positive benefits from a certain  
3 amount of that kind of procurement in the north because  
4 it could increase the volume for northern suppliers  
5 and therefore have a deflationary effect on prices  
6 generally. But if it went too far and too many grocer-  
7 ies were bought out of a specific locale, those prices  
8 could get bid up very rapidly and very severely because  
9 groceries are susceptible to that.

10 So that's what I mean by  
11 an approach that involves all parties, but I did not  
12 think that Arctic Gas should unilaterally decide that  
13 because of certain problems occurring we'll cut off  
14 a benefit flow, if you like, or decide we simply won't  
15 procure anything. I don't think -- I think that's not  
16 a function that a private sector corporation should  
17 perform.

18 Q Well, how should that  
19 decision be made, in your view?

20 A I think it has to be  
21 made, certainly it has to involve discussion. I think  
22 that discussion has to involve the residents of their  
23 representative, then it has to involve government.

24 Q Well, what concerns me  
25 is that the residents and the representatives, if not  
26 explicitly implicitly in your presentation come down  
27 to the very persons that might most benefit from  
28 inflation in the north, and that is northern business.

29 A Well, that may be.

30 Q And that the persons that



Trusty & Hobart  
Cross-Exam by Roland

1 will be most adversely affected are those that would  
2 quite likely not be privy to those discussions.  
3 That is people who are on some kind of fixed income.

4 A Yes. Now my understanding  
5 is that government, for example, is looking at  
6 methods that might be temporarily put in place to  
7 assist people with fixed incomes in the event that  
8 there is an inflationary problem develops.

9 Q Let's talk about some  
10 of those methods and perhaps we can come to grips with  
11 some possible solutions or approaches at least to  
12 the problem, and I'm addressing these questions to  
13 you, Mr. Trusty, <sup>as much</sup> as an economist as someone who is  
14 representing Arctic Gas, and it seems to me that one  
15 of the things that you might consider is  
16 restricting the size of contracts for goods that are  
17 procured in the north, and services procured in the  
18 north, and that there be some determination of how  
19 big those contracts should be in relation to the  
20 amount of goods and services supplied by that.

21 A That would make a lot  
22 of sense to me.

23 Q Yes, and another tool  
24 that could be used to attempt to deal with inflation  
25 would be the length of the contracts and one element  
26 at least in keeping them short would be the ability  
27 to, if matters got beyond what was acceptable, to  
28 terminate part or all of certain contracts.  
29  
30



1                   A     That takes me into an  
2 area that I have a lot more difficulty with, presumably  
3 there's a contractual arrangement struck between the  
4 supplier and the buyer and let's assume that's Arctic  
5 Gas directly. I really can't comment on what the  
6 situation would be if you got half way down the road  
7 in that contract and inflation was getting out of  
8 hand for that particular good or service. Whether  
9 Arctic Gas could say, well because of that outside  
10 element, we're going to severe a legal contract that  
11 we have with you that you've been performing perfectly  
12 satisfactorily, you know, that's where I get into  
13 some problems.

14                   Q     No, but you recognize  
15 that the goods will be supplied at a rate over a period  
16 of time and services as well and that those could be  
17 reviewed periodically.

18                   A     Yes, that's possible.  
19 Yes. The mechanism that might make more sense would be  
20 to have smaller, you know, a series of contracts rather  
21 than one contract stretching over three years. Maybe  
22 that's the way that --

23                   Q     Well that's what I'm  
24 interested in. Other mechanisms that make sense and  
25 maybe you could help me out there if you could think  
26 of any other mechanisms that might be of some  
27 assistance. Could you think of any others?

28                   A     Well, I mention the  
29 question of some sort of supplemental income programme  
30 that might be used by government to help people on







Trusty & Hobart  
Cross-Exam by Roland

fixed incomes in the face of an inflationary problem.

Q And you mentioned that being selective of things that are procured in the north, and groceries was your example.

A Yes, but I think that that -- the mechanism, I think the appropriate mechanism there is the mechanism of discussion and making sure that local businesses and or communities or Chambers of Commerce are aware of the potentials. It could involve the mechanism of some of the existing government programmes by which feasibility studies could be undertaken to ensure that the long term market warrants a particular kind of expansion, in other words the provision of that kind of technical assistance by government.

Q But the consideration there is not whether the northern businessmen can supply the particular good or service, but whether it would -- is prone to inflating more than some other good or service.

A Well, I'm sorry sir. I don't quite follow that.

Q That that particular good -- you say groceries, I take it from what you've said, is more prone to increasing in price than other goods.

A In my opinion, that is true, yes.

Q And that can be said of a number of other goods and I suppose services as well?

A Yes.

Q And those should be



Trusty & Hobart  
Cross-Exam by Roland

1 identified.

2 A That could be part of  
3 the programme, that's correct.

4 Q Now, my last question  
5 and then we can go for our plane.

6 A There's one point, Mr.  
7 Roland, with respect to the Van Ginkel --

8 THE COMMISSIONER: Go ahead,  
9 Mr. Trusty, let's --

10 A Well, I just simply  
11 wanted to note that at an earlier part you were asking  
12 me questions about the Van Ginkel study and I made  
13 the point that that was an approximation, you know,  
14 which had a specific objective in the calculations.  
15 The data that I presented in the second half of that,  
16 which I termed subsequent studies were also, the Van  
17 Ginkel's also inputted to that work and that is a  
18 more refined calculation and the approach varies from  
19 that in this original report, and I just wanted to make  
20 that clear because we were focusing on the report and  
21 the intent in my testimony was to indicate clearly that  
22 that was the first cut and there have been subsequent  
23 cuts at it and the slide I put up gets much closer  
24 to a more refined number.

25 MR. ROLAND:

26 Q Yes, but you've said that  
27 that graph on page 42, would look the same, the line  
28 would be the same, but the result would be that it  
29 would move down.

30 A Yes, and I'm happy to  
provide those numbers as I said I would, but I just



Trusty & Hobart  
CROSS-Exam by Rolands

1 wanted to make it clear that there are subsequent numbers  
2 beyond the ones in this book that have been --

3 Q I understand that.

4 A Okay.

5 Q Okay, now my last question  
6 is just one of clarification in response to question  
7 six, goods and services to be procured from local  
8 contractors. You have referred to that in your presentation  
9 and to the list that's contained in response to question  
10 six, and I don't quite frankly, don't understand it.

11 It says, listed below are types of direct work on the  
12 pipeline which applicant either would prefer to have  
13 performed by outside businesses, and I'm not sure what  
14 you mean by outside businesses, or would consider  
15 having done that way if qualified suppliers are available.

16 Now perhaps, -- as I understand  
17 your presentation, following that is a list of goods and  
18 services that could be provided by a northern business.

19 A Yes sir.

20 Q But the introduction to  
21 me, quite frankly, -- to that, quite frankly confuses  
22 me. I take it that's what's meant?

23 A It doesn't confuse me, so  
24 it's hard for me to know what to say to help solve  
25 your confusion.

26 Q All right.

27 A Do you want me to take a  
28 look at it and --

29 Q Well, it refers to outside  
30 businesses, I gather --



Trusty & Hobart  
Cross-Exam by Rolands

1 A That means, in other  
2 words, not somebody who's one of the contractors operating  
3 a spread. So, if it refers, for example, I can't  
4 remember the list, but suppose the list has in there  
5 that trucking of gravel or fill materials and if that's  
6 in the list, what that's saying is that's the kind of  
7 thing that could comprise a contract to a local  
8 business or local trucking firm as opposed to having  
9 it performed by one of the main contractors, one of the  
10 execution contractors or their sub-contractors, who  
11 are a part of the spread operation.

Does that clarify it?

MR. ROLAND: Yes, thank you.

Those are all of my questions.

12 THE COMMISSIONER: Any re-  
13 examination?

14 MR. STEEVES: Yes sir. No,  
15 I have no re-examination.

16 THE COMMISSIONER: Well thank  
17 you Mr. Trusty and Dr. Hobart and I want to say, I really  
18 do appreciate the discussion we've had with both of you  
19 and it's been very helpful to me and I'm sure to all  
20 counsel. Just before we adjourn until Monday at  
21 11:00, let me thank all of counsel for their willingness  
22 to collaborate with Commission counsel and the Inquiry  
23 in establishing, so far as we can a schedule that will  
24 enable us to complete the work of the Inquiry by October  
25 8th and the -- I certainly do appreciate your willingness  
26 to go along with that proposed schedule and it's of  
27 course on the understanding that everyone gets a complete  
28





1 hearing for the issues and the witnesses that are thought  
2 to be important to those participants provided, of  
3 course, the matter is one that is relevant.

4 MR. STEEVES: I'm still working  
5 on September 30th.

6 THE COMMISSIONER: Well, I'll  
7 go along with that. So, we'll adjourn then until  
8 tomorrow morning at -- tomorrow afternoon at -- well,  
9 we'll adjourn until tomorrow after<sup>noon</sup> 2:00 at Fort Providence,  
10 formal hearings to resume here in Yellowknife 11:00 a.m.  
11 Monday.

12 (WITNESSES ASIDE)

13 (PROCEEDINGS ADJOURNED UNTIL JULY 19, 1976)  
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347  
M836  
Vol. 164

ACTION  
Mackenzie Valley pipeline inquiry:

DATE  
July 15, 1976

DATE OUT

FORWARDER'S NAME

action

B. Hollands

SEP 29 1976

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M836  
Vol 164







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MACKENZIE VALLEY PIPELINE INQUIRY

Government  
Publications

IN THE MATTER OF APPLICATIONS BY EACH OF

- (a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS CROWN LANDS WITHIN THE YUKON TERRITORY AND THE NORTHWEST TERRITORIES, and
- (b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS CROWN LANDS WITHIN THE NORTHWEST TERRITORIES

FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE

and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION, OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T.

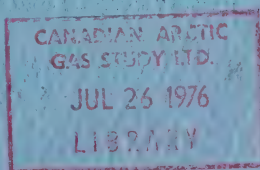
July 19, 1976

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PROCEEDINGS AT INQUIRY

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Volume 165







APPEARANCES:

Mr. Ian G. Scott, Q.C.,  
 Mr. Stephen T. Goudge,  
 Mr. Alick Ryder, and  
 Mr. Ian Roland, for Mackenzie Valley Pipeline  
 Inquiry;

Mr. Pierre Genest, Q.C.,  
 Mr. Jack Marshall,  
 Mr. Darryl Carter, and  
 Mr. J.T. Steeves, for Canadian Arctic Gas Pipe-  
 line Limited;

Mr. Reginald Gibbs, Q.C.,  
 Mr. Alan Hollingworth, and  
 Mr. John W. Lutes, for Foothills Pipe Lines Ltd.;

Mr. Russell Anthony,  
 Prof. Alastair Lucas and  
 Mr. Garth Evans, for Canadian Arctic Resources  
 Committee;

Mr. Glen W. Bell and  
 Mr. Gerry Sutton, for Northwest Territories  
 Indian Brotherhood, and  
 Metis Association of the  
 Northwest Territories;

Mr. John Bayly and  
 Miss Lesley Lane, for Inuit Tapirisat of Canada,  
 and The Committee for  
 Original Peoples Entitle-  
 ment;

Mr. Ron Veale and  
 Mr. Allen Lueck, for The Council for the Yukon  
 Indians;

Mr. Carson Templeton, for Environment Protection  
 Board;

Mr. David H. Searle, Q.C.  
 for Northwest Territories  
 Chamber of Commerce;

Mr. Murray Sigler and for The Association of Munici-  
 palities;  
 Mr. David Reesor,

Mr. John Ballem, Q.C., for Producer Companies (Imperial,  
 Shell & Gulf);

Mrs. Joanne MacQuarrie, for Mental Health Association  
 of the Northwest Territor-  
 ies.



I N D E X

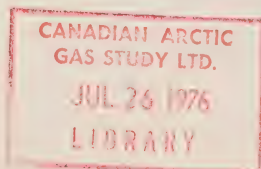
Page

WITNESSES FOR FOOTHILLS PIPE LINES LTD.:

John Keith BURRELL	
John Russell ELLWOOD	
Maureen Elaine JENSEN	
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Burrell, Jensen, Ellwood, MacLeod  
In Chief

Yellowknife, N.W.T.

July 19, 1976

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. HOLLINGWORTH: Well sir,  
we're ready. I understand you're ready to proceed even  
though Mr. Scott is improperly attired.

MR. SCOTT: I am sure Mr.  
Carter finds that offensive.

MR. HOLLINGWORTH: Sir, we're  
prepared to proceed today with the first panel of the  
Foothills socio-economic evidence. Before you starting  
on my left is Mr. John Burrell. Beside him Ms. Maureen  
Jensen. Beside her, a familiar face to the Inquiry,  
Mr. Ellwood -- John Ellwood and beside him Mr. John  
MacLeod.

JOHN KEITH BURRELL, resumed  
JOHN RUSSELL ELLWOOD, resumed  
MAUREEN ELAINE JENSEN, sworn  
JOHN B. MACLEOD, sworn:

DIRECT EXAMINATION BY MR. HOLLINGWORTH:

Q Now Mr. Burrell, I under-  
stand that your position with Foothills Pipe Lines is  
vice president of corporate development?

WITNESS BURRELL: That's  
correct.

Q And does the sheet  
attached to the prepared evidence and having your name  
at the top accurately describe your academic qualifica-  
tions and experience?

A Yes it does.

Q I understand that you are



Burrell, Ellwood  
Jensen, MacLeod  
In Chief

1 from Calgary and that you graduated from the University  
2 of Alberta with a B.Sc. in Civil Engineering in 1957.

3 A That's correct.

4 Q And from the Arctic  
5 Summer School in 1973 and the Banff School of Advanced  
6 Management in 1971.

7 A That's correct.

8 Q That from 1957 to 1961,  
9 you were with Canadian Western Natural Gas Company  
10 in Calgary as progressively, the assistant distribution  
11 engineer and the assistant measurement engineer.

12 A That's correct.

13 Q From 1961 to 1973 you were  
14 with Alberta and Southern Gas and Alberta Natural Gas  
15 in Calgary and were progressively an engineer, senior  
16 engineer, chief engineer, manager of engineering and  
17 construction.

18 A Yes.

19 Q That in 1973 and 1974,  
20 you were with Canadian Arctic Gas Study Limited in Calgary  
21 and progressively a supervisory engineer, manager of  
22 engineering planning and assistant director of engineering.

23 A Yes.

24 Q And that from 1974 to the  
25 present time, you have been with Foothills Pipe Lines  
26 in Calgary as progressively the director of operations,  
27 and currently the vice president of corporate development  
28 and also the Foothills' representative on the Nortran  
29 Steering Committee.

30 A That's correct.





Burrell, Ellwood  
Jensen, MacLeod  
In Chief

1 Q I understand that you are  
2 a member of the Association of Professional Engineers  
3 in Alberta.

4 A Yes.

5 Q Do you have the overall  
6 responsibility for the Foothills' socio-economic program?

7 A Yes, I do.

8 Q Mr. Ellwood, you are a  
9 supervisor of socio-economic affairs for Foothills  
10 Pipe Lines?

11 WITNESS ELLWOOD: Yes, I am.

12 Q You are a some time  
13 resident of Yellowknife, I think currently you are  
14 residing in Calgary?

15 A That's right.

16 Q Your education is from  
17 the University of Alberta. In 1968, you obtained a  
18 B.Sc. in mechanical engineering and 1974 a B.A. in  
19 Archaeology from the University of Calgary?

20 A That's correct.

21 Q That your experience  
22 started in 1968 with Montreal Engineering Company in  
23 Calgary where you were employed as an engineer in  
24 training on the design of natural gas processing plants  
25 and natural gas pipeline compressor facilities?

26 A That's right.

27 Q That from 1969 to 1972,  
28 you were with Alberta Gas Trunk Line Company in Calgary  
29 employed as a design engineer and construction inspector  
30 with responsibility for the design of natural gas pipeline



Burrell, Ellwood  
Jensen, MacLeod  
In Chief

1 compressor stations and for quality control during the  
2 construction of compressor stations and pipelines?

3 A Yes, I was.

4 Q That in the summer of 1973  
5 you participated in an archaeological survey and  
6 excavation at Cardston, Alberta, under the direction of  
7 Mr. M. Quigg, then with the Faculty of Graduate Studies,  
8 University of Calgary.

9 A Yes, that's correct.

10 Q And that since 1974,  
11 you've been with Foothills as progressively, an environ-  
12 mental engineer, and currently supervisor of socio-  
13 economic affairs.

14 A Yes.

15 Q Miss Jensen, what is your  
16 association with Foothills Pipe Lines?

17 WITNESS JENSEN: I am in  
18 independent socio-economic consultant.

19 Q Does the sheet attached  
20 to the prepared evidence and having your name at the  
21 top accurately describe your academic qualifications and  
22 experience?

23 A Yes, it does.

24 Q I understand you are a  
25 resident of Inuvik.

26 A Yes, I am.

27 Q And that you graduated  
28 in sociology with honors on a Bachelor of Arts program  
29 from the University of Toronto in 1973.

30 A Yes, I did.



Burrell, Ellwood  
Jensen, MacLeod  
In Chief

1 Q And from the Canadian  
2 Urban Training Program for Christian Service in  
3 community development in Toronto in 1971?

4 A Yes, I did.

5 Q That from September 1970  
6 to April 1971, you were a volunteer worker for the  
7 N'Amerind Indian Friendship Centre in London, Ontario  
8 and a volunteer worker for the Community Action Center  
9 in London, Ontario?

10 A Yes, I was.

11 Q From September, 1970 to  
12 January 1972 you were a research assistant, Native  
13 Peoples Resource Center (Indian Information Center)  
14 University of Western Ontario in London, Ontario?

15 A Yes, I was.

16 Q That from May, 1971 to  
17 August, 1971 you were a counsellor at the Fred Victor  
18 Mission in Toronto.

19 A Yes.

20 Q From July, 1971 to November  
21 '71 you were a research assistant at the Don Vale Health  
22 Resources Committee, Toronto.

23 A Yes.

24 Q That from September, 1971  
25 to June, 1972, you were a youth counsellor with the  
26 Y.W.C.A. and I have difficulty pronouncing that one.

27 A Anduhyaun.

28 Q Anduhyaun Indian Girl's Group  
29 Home in Toronto.

30 A Yes.





Burrell, Ellwood  
Jensen, MacLeod  
In Chief

Q That from June, 1972 to August 1972 you conducted a field survey of the central Mackenzie Region for the Boreal Institute, University of Alberta.

A Yes.

Q From September 1972 to October '72, you were a consultant for the Boreal Institute.

A Yes, I was.

Q That from October 1972 to May, 1973 you were a research assistant with the Canadian Association in Support of the Native People, at Toronto.

A Yes.

Q From June, 1973 to July, 1973 you were a project co-ordinator for the Northwest Territories Metis and Non-Status Indian Association, Fort Simpson Local.

A Yes.

Q From August 1973 to June 1974 you were a consultant for the Need and Demand Studies for the Northwest Territories Housing Corporation in Rae-Edzo, Hay River, Yellowknife and Inuvik?

A Yes.

Q That from October 1973 to November 1973, you were a consultant on the Northern Task Force on Adult Education, Government of the N.W.T. in Yellowknife.

A Yes.

Q That from June 1974 to July 1974, you were a youth worker at Ingamo Hall, which is



Burrell, Ellwood  
Jensen, MacLeod  
In Chief

1 operated by COPE in Inuvik?

2 A Yes, I was.

3 Q That from September 1974  
4 to November 1974, you were a clerk at Mackenzie Hotel  
5 in Inuvik?

6 A Yes..

7 Q From November 1974 to January  
8 1975 you were a co-ordinator of the Adult Education  
9 Program, Inuvik.

10 A Yes.

11 Q From January 1975 to the  
12 present, a consultant to Foothills Pipe Lines based in  
13 Inuvik.

14 A Yes.

15 Q And that in 1975 in October  
16 you attended the Second Annual Behavioral Sciences in  
17 the North Conference on Pipeline Impact at the University  
18 of Alaska in Anchorage.

19 A Yes, I did.

20 Q You are the author of the  
21 publications which are listed in your C.V.

22 A Yes, I am.  
23  
24  
25  
26  
27  
28  
29  
30



Burrell, Jensen, Ellwood, MacLeod  
In Chief

1  
2 Q Miss Jensen, what has  
3 been your contribution to Foothills' socio-economic  
4 statement?

5 A I have been  
6 responsible for the analysis of contemporary northern  
7 society described in socio-economic statement. I have  
8 assessed the potential social impact and made recommen-  
9 dations to the applicant in order to minimize the adverse  
10 effects of the pipeline project.

11 Q Will you move the micro-  
12 phone a little closer to you, please, Miss Jensen?

13 Mr. MacLeod, what is your associa-  
14 tion with Foothills Pipe Lines Ltd.?

15 WITNESS MACLEOD: I am an  
16 independent economist and management consultant based in  
17 Inuvik, Northwest Territories. I have been retained by  
18 Foothills Pipe Lines Ltd. since January 1975 to advise  
19 the applicant on matters relating to the economic impact  
20 in the Northwest Territories of the proposed pipeline.

21 Q Would you pull the micro-  
22 phone closer to you, please?

23 Does the sheet attached to the  
24 prepared evidence and having your name at the top  
25 accurately describe your academic qualifications and  
26 experience?

27 A Yes, it does.

28 Q I understand, sir, that you  
29 reside in Inuvik, and that in 1967 you graduated with  
30 a B. Sc. in Commerce or Economics and Commerce from the  
rather



Burrell, Jensen, Ellwood, MacLeod  
In Chief

1       Universite de Montréal.

2                               A     Yes,

3                               Q     And from Simon Fraser

4       University you obtained an M.A. in Economics in 1969.

5                               A     Yes.

6                               Q     And in 1970 you obtained  
7       an L. Sc. in Commerce and Finance from the Universite de  
8       Montréal.

9                               A     That's right.

10                              Q     That you have also taken  
11       a regional economics course in taxation and linguistics  
12       from 1966 to 1972.

13                              A     Yes.

14                              Q     And that as professional  
15       courses you have taken business finance in Canada and  
16       Investment Dealers Association of Canada course from  
17       the College d'enseignement général et professionnel du  
18       Vieux Montreal.

19                              A     That's right.

20                              Q     In 1973 you've taken  
21       vocational programs relating to automotive mechanics,  
22       carburation, electricity and heavy duty truck driving.

23                              A     Yes.

24                              Q     Does your experience start  
25       in 1967 with five semesters as a teaching assistant in  
26       economics, accounting and finance at Simon Fraser  
27       University?

28                              A     That's correct.

29                              Q     One summer as a graduate  
30       research assistant in the area of transportation,





Burrell, Jensen, Ellwood, MacLeod  
In Chief

1  
2 economics with the Federal Department of Industry and  
3 Commerce?

4 A Yes.

5 Q One summer with Stat. Can.  
6 working in the participation and development of an  
7 inter-sectoral financial flow model of the Canadian  
8 economy?

9 A That's right.

10 Q In 1970 to 1973 you were  
11 financial and investment analyst with the Caisse de  
12 dépôt et placement du Québec in Montréal, which is  
13 a diversified investment fund with assets in excess  
14 of \$1.5 billion, and your responsibilities included the  
15 monitoring of economic and political conditions, the  
16 analysis, surveillance and selection of equity invest-  
17 ments in public utilities, including oil and gas pipe-  
18 lines, communications and real estate?

19 A That's correct.

20 Q And from 1973 to 1974 you  
21 were chief utilities man responsible for drinking water  
22 delivery, sewage and garbage disposal and gravel hauling  
23 in Norman Wells.

24 A That's right.

25 Q You were also a rodman-  
26 chainman on the survey crew on the Dempster Highway for  
27 the Department of Public Works in Inuvik.

28 A Yes.

29 Q And a trucker with Pacific  
30 Western Airlines in Inuvik.



Burrell, Jensen, Ellwood, MacLeod  
In Chief

1 A That's right.

2 Q And since 1974 you've  
3 been an independent economist and management consultant  
4 based in Inuvik, and your work has involved accounting,  
5 taxation and management consulting for local businesses  
6 and a study for the N.W.T. Chamber of Commerce to  
7 determine the capacity of northern firms to participate  
8 in pipeline development.

9 A That's correct.

10 Q And further, you've been  
11 an independent economic consultant to Foothills since  
12 January, 1975.

13 A Yes.

14 Q Would you briefly summarize  
15 your contribution to the applicant's socio-economic  
16 statement?

17 A I have been responsible  
18 for projecting demographic changes, northern manpower  
19 availability, entrepreneurial opportunities, creation  
20 of secondary employment and potential fiscal impact  
21 resulting from hydrocarbon development in the Territories,  
22 and have participated in the assessment of the impact  
23 of increased personal incomes of northerners who would  
24 accept pipeline related employment.

25 Q Mr. Burrell, what is the  
26 overall objective of the Foothills' socio-economic  
27 program?

28 THE COMMISSIONER: Excuse me,  
29 Mr. Hollingworth, it's a little hard to hear.

30



Burrell, Jensen, Ellwood, MacLeod  
In Chief

1 WITNESS BURRELL: Our objective  
2 is to ensure that our pipeline system is planned,  
3 constructed and operated in such a manner that it offers  
4 the maximum net benefit to the residents of the Northwest  
5 Territories.

6 MR. HOLLINGWORTH: How do you  
7 propose to accomplish this objective?

8 A The first step in this  
9 process has been to assemble a description of the  
10 current socio-economic patterns and trends in the  
11 Mackenzie-Great Slave areas. In assembling this description  
12 we have relied on the existing data sources and on the  
13 personal knowledge and experience of consultants who  
14 are residents of the area.

15 The second step in our program  
16 is to identify the potential interaction between our  
17 project and the existing socio-economic milieu. As  
18 an example, we have been working to define the inter-  
19 action between our project and the transportation  
20 system, the education system and the labour force.  
21 These and other topics will be dealt with later in our  
22 evidence.

23 The next step in the process,  
24 then, is to predict the effects of the project on the  
25 existing socio-economic environment and to obtain  
26 feedback from the persons, communities or governments  
27 affected and to use that feedback as input to possible  
28 project modifications.

29 Q What input has the socio-  
30 economic department had to the Foothills' project?





Burrell, Jensen, Ellwood, MacLeod  
In Chief

A Our input to the project has been on many levels, but we have concentrated on developing company policies which are compatible with what we perceive to be the desires expressed by the people of the region. Some key areas of policy which we have been involved with are:

- (1) timing of the project, vis a vis the land claims question;
- (2) separation of the construction work force from the communities; and
- (3) the provision of natural gas to northern communities.

In addition to these general policy areas, we have also been active in specific project planning such as route and facility locations, training and employment, and involvement of northern businesses.

Q In assessing the socio-economic impact, what area or region did Foothills consider?

A Our socio-economic impact assessment addressed the Mackenzie Valley corridor basically as defined by the Department of Indian Affairs & Northern Development. This corridor was, however, modified to reflect gas supply from the Beaufort Basin only and expanded to include those communities located outside the original corridor to which we propose to provide natural gas service. Figure 1 in the appendix illustrates the area that we have considered.

Q Mr. Ellwood, what policy



Burrell, Jensen, Ellwood, MacLeod  
In Chief

position has your company taken towards minimizing the social impact which the pipeline could create?

WITNESS ELLWOOD: Firstly, most will agree that because of the nature of the project, the level of activity, and the number of workers involved, it is the construction phase of this project which presents the greatest concern.

During the construction phase, we have adopted the following policies and plans in order to minimize the adverse social effects that our project might have on the residents of the north.

(1) Routing of construction personnel to and from the jobsite will be done as expeditiously as possible. The existing airports at Fort Simpson, Norman Wells and Inuvik will be utilized as points of arrival and departure from and to the workers' home location and connecting transportation will be scheduled so that there will be minimal waiting time at these airports.

(2) Transportation to the point of hire will be provided for all workers who quit, are fired, or leave their work for any reason.

(3) Construction workers will be housed in self-contained camps, well removed from the communities.

(4) Casual transportation will not be made available to any of the construction camp workers for any purpose.



1 (5) The construction  
2 camps will provide emergency health services. It is  
3 expected that the majority of illnesses and accident  
4 cases will be treated at the camps, however, when hospital-  
5 ization of any of the workers is required, it will probably  
6 be provided <sup>at</sup> regional hospitals or in some cases in  
7 hospitals in the south. While the provision of regional  
8 hospital facilities is not the responsibility of Foothills,  
9 we are concerned that adequate hospital facilities are  
10 available during the construction and operation phases,  
11 to meet not only our own needs but those of the public  
12 at large. To this end we have consulted and will continue  
13 to consult with responsible government agencies.

14 (6) We see the need  
15 for a system which could overcome the fears that all  
16 able-bodied residents of the smaller communities could  
17 choose pipeline construction employment, thus, leaving  
18 the community in the position of not having sufficiently  
19 qualified people necessary to provide those services which  
20 are essential to the well being of the community. There-  
21 fore we are willing to consider employment rotation and  
22 labour pool systems during the construction phase.  
23 However, before this could become workable, all parties  
24 concerned would have to be in agreement with the system  
25 to be adopted.

26 (7) We recognize that  
27 law enforcement must remain under public control. We  
28 have consulted and will continue to consult with the  
29 responsible agencies so that they are fully aware of our  
30 project so that they too can plan towards ensuring that





1 adequate law enforcement facilities are in place at the  
2 time of construction and beyond.

3 Foothills will, of course  
4 provide camp and right of way security and routine  
5 policing of our own regulations and permit conditions  
6 during construction. Co-operation and accessibility to  
7 the camps and worksites will be available to the R.C.M.P.  
8 or other peace officers pursuant to their responsibilities.

9 Further, we will provide to the  
10 R.C.M.P. at all major campsites, office space, accommoda-  
11 tion and access to communication facilities.

12 (8) All contractors  
13 and sub-contractors will be required to observe the  
14 same regulations which Foothills has set for itself,  
15 whether imposed by permit restriction, or not.

16 Q During previous testimony  
17 to this Inquiry, Mr. Blair stated that Foothills' policy  
18 would be one of controlled access to alcohol. How do you  
19 propose to implement this policy?

20 A We intend to provide a  
21 tavern in all of our major camps, subject to the  
22 Territorial Liquor Ordinance and any local regulations  
23 prohibiting or restricting possession or sale of alcoholic  
24 beverages. We anticipate that the taverns will operate  
25 for a limited time during the evenings and they will  
26 be restricted to employees of Foothills, our contractors  
27 and sub-contractors and to authorized guests of Foothills.

28 Q What is Foothills position  
29 with respect to the availability of firearms or fishing  
30 equipment in the camps?





Northern employees, through the counselling services which will be available, will be made aware of the options that will enable them to provide money to their families while they are "out on the line."



1 Q Mr. Ellwood, in your opinion,  
2 will the operational phase have the potential to create  
3 as many detrimental social impacts as the construction  
4 phase?

5 A No, primarily because the  
6 number of operations personnel is only five percent of the  
7 estimated peak construction force. In addition, these  
8 employees will reside in Yellowknife, Fort Simpson,  
9 Inuvik, and Norman Wells, all of which have experienced  
10 some development.

11 Q Over what time span will  
12 the operations personnel be moving into these communities?

13 A As shown by table two in  
14 the appendix, the increase will be gradual over a six  
15 year period commencing one year after the permit is  
16 awarded.

17 Q It has been said that an  
18 acute housing shortage exists in the Northwest Territories,  
19 what does Foothills intend to do in this regard?

20 A We do not want to add to  
21 this problem, therefore we will be providing accommodation  
22 for all our permanent employees located in the Northwest  
23 Territories. In providing this accommodation, as in all  
24 other areas, we will be making no distinction between  
25 employees who are residents of the Territories and employees  
26 who come from outside the Territories.

27 Foothills will also encourage  
28 our O & M personnel to purchase their homes rather than  
29 rent them from the company. While it's premature at this  
30 time to outline the actual mechanism of such a home owner-



1 ship plan, we can say that it is our intention to make  
2 it at least as attractive for our employees to own their  
3 own home as to rent.

4 Q How will you decide where  
5 to place these houses in the O & M centres?  
6  
7  
8  
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Burrell, Jensen  
Ellwood, MacLeod  
In Chief

1 A We've had some preliminary  
2 discussions with the communities and none of them  
3 appears desirous of having a company housing sub-division  
4 in their midst, nor do we want such a situation. We will  
5 be working closely with the communities, to be certain  
6 that what we are planning to build in their communities is  
7 satisfactory to them.

8 Q What facilities besides  
9 houses will you be locating in the four communities  
10 you mentioned earlier?

11 A In Fort Simpson, Norman  
12 Wells and Inuvik, we will also have a district operating  
13 headquarters and our operations and maintenance head-  
14 quarters will be in Yellowknife.

15 Q Has Foothills developed a  
16 compensation policy to cover accidental damage during  
17 the construction phase?

18 A Yes, the philosophy of our  
19 compensation policy is basically that a person who has  
20 been adversely affected should be compensated in a such  
21 a manner that he is equally as well off after the con-  
22 struction of the pipeline as he was initially. As well,  
23 he should not suffer in any way because of any above ground  
24 facilities constructed by the pipeline company. Nor should  
25 he suffer in any way should the pipeline cause him any  
26 damage during the entire time it is in operation or at  
27 any time his land need be disturbed by our maintenance  
28 crews.

29 Q How would this policy be  
30 put into practice by Foothills?



Burrell, Jensen  
Ellwood, MacLeod  
In Chief

1 A As a practical matter, it  
2 will of course be necessary for anyone who feels he has a  
3 legitimate claim against our company to bring the matter  
4 to our attention. We recognize that this implies an  
5 obligation on our part to make ourselves accessible and  
6 we propose to do this by locating the persons responsible  
7 for settling damage claims in the Northwest Territories  
8 and by making their names, addresses and telephone  
9 numbers known to the residents, organizations and  
10 community councils of the region.

11 Once this initial contact has  
12 been made, we would expect the normal process of negotia-  
13 tion between the claimant and the company to arrive at  
14 a mutually agreeable estimate of the extent of damage.  
15 Compensation would then be paid on the basis of replacement  
16 value for damage to property and the fair market value for  
17 loss of productivity. In addition, compensation for  
18 inconvenience, stress, or other "non-quantifiable" items  
19 is expected to be part of the negotiations in the  
20 Northwst Territories in the same or similar manner as is  
21 the current practice in the rest of Canada.

22 THE COMMISSIONER: Excuse me  
23 Mr. Ellwood. What do you mean by "loss of productivity"?

24 A In the Northwest Territories,  
25 we are assuming that productivity here would relate to  
26 trapping.

27 Q Trapping -- traplines.

28 A Right. In an analagous  
29 situation to southern Canada where loss of productivity  
30 refers to crop loss , let's say affected for one, two,



Burrell, Jensen  
Ellwood, MacLeod  
In Chief

1 three or however many years after the pipeline is  
2 installed and that loss of productivity is compensated.

3 Q So the market value of  
4 the crop, whether it be wheat or fur that would have been  
5 produced had the damage not occurred. That's the point?

6 A Right.

7 Q O.K.

8 A In the event that agreement  
9 can not be reached through negotiation, the matter would  
10 be referred to an arbitration board. We recommend that  
11 consideration be given to establishing these boards on  
12 a regional basis, prior to the commencement of construc-  
13 tion, with the board to consist of one member appointed  
14 by the pipeline company, one member appointed by an  
15 organization such as the local Hunters and Trappers  
16 Association or Band Council who could act on behalf of  
17 the potential claimants and a third member to be appointed  
18 by the preceding two.

MR. HOLLINGWORTH:

19 Q Ms. Jensen, have you  
20 provided advice to Foothills Pipe Lines on the subject  
21 of social concerns related to the proposed pipeline  
22 development?

WITNESS JENSEN:

23 A Yes, in the areas of  
24 housing, education, health and other areas.

25 Q Would you elaborate on the  
26 existing housing situation in the N.W.T. and the likely  
27 effects of the Foothills' proposal?

28 A The Northwest Territories  
29 is experiencing and will continue to experience a housing  
30 shortage according to Need and Demand studies quoted in the





Burrell, Jensen  
Fillwood, MacLeod  
In Chief

1 "Mackenzie Valley Entrepreneurial Study" conducted in  
2 1974. These studies show that over a five year period  
3 from 1975 to 1980, 1,382 new housing units would be  
4 required to adequately house the Mackenzie District  
5 population. Gemini North Limited, while preparing the  
6 "Social and Economic Impact of Proposed Arctic Gas Pipeline  
7 in Northern Canada" did extensive research into northern  
8 housing and their data show shortages of 1,719 housing  
9 units with an occupancy density of 3.0, 1,107 with a  
10 density of 3.5 and 660 with a density of 4.0 for 1973.  
11 Neither of these studies take into account population  
12 increases as a result of development.

13 During my own research for the  
14 N.W.T. Housing Corporation in 1973, it became apparent  
15 that the chronic problem of housing shortages was further  
16 compounded by inequitable distribution.

17 Although I do not have exact  
18 figures on the number of housing starts since 1973, I am  
19 confident that there have been insufficient numbers of  
20 houses constructed during this period to overcome this  
21 shortage, and I am also convinced that there will continue  
22 to be shortage during the construction and early years  
23 of operation of a gas pipeline.

24 O You have made certain  
25 recommendations to Foothills with regard to housing.  
26 Would you please tell us what these were?

27 A Yes. I have recommended that:

- 28 1. During pipeline construction, the camps used to  
29 house workers should be self-sufficient.  
30 2. These camps should be isolated as much as possible





1 from communities and the workers should be transported  
2 directly to the work site from the major airports.

3 3. Accommodation required for supervisory personnel  
4 in the operating centers during construction of both  
5 pipeline and O & M facilities should be permanent rather  
6 than temporary.

7 4. Early consultation with local government authorities  
8 should be initiated to ensure availability of serviced  
9 land for housing and O & M facilities and conformity  
10 with local development plans and zoning by-laws.

11 5. Foothills should develop a policy that would en-  
12 courage its permanent O & M personnel to become home-  
13 owners rather than tenants.



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1 Q Please give us the  
2 rationale for your recommendations.

3 A The self-sufficiency of  
4 camps would ensure that pipeline construction workers  
5 would face no additional burden on housing supply or  
6 public accommodation. Having camps isolated and  
7 having direct transportation to the work site would ensure  
8 that southern pipeline construction workers will not  
9 place any demand on housing in the communities.

10 The construction of permanent  
11 housing for supervisory personnel during construction  
12 of the pipeline and of the O & M facilities in Inuvik,  
13 Norman Wells, Fort Simpson and Yellowknife would place  
14 no strain on the existing housing supply. In addition,  
15 this practice would initiate the phasing in of Foothills  
16 ultimate housing requirements. This process will also  
17 minimize the potential of operating centres taking on  
18 the physical appearances of construction camps.

19 With respect to my recommendations  
20 regarding local consultation, Foothills has already  
21 initiated preliminary discussions with local government  
22 officials in each of the proposed O & M centers.

23 Home ownership has been  
24 recommended because to date there has been a tendency  
25 for southerners moving north to maintain a pattern of  
26 transient residency. It is my belief that this pattern  
27 is reinforced, in many cases, by the provision of sub-  
28 sidized rental accommodation as a condition of employment.  
29 Therefore, the implementation of a home ownership policy  
30 may discourage Foothills' personnel from continuing the



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1 existing pattern. In addition, a home ownership policy  
2 is in accord with policies recently introduced by the  
3 N.W.T. Housing Corporation.

4 Q Have you made any other  
5 recommendations that are related to housing?

6 A Yes. One, during construction  
7 of district O & M facilities and employee housing, local  
8 contractors should be utilized as much as possible.

9 Two, establishment of a central  
10 facility in any of the N.W.T. communities to be used as  
11 an orientation or manpower staging site should be dis-  
12 couraged.

13 Three, a multi-media campaign  
14 should be be instituted in the south shortly after the  
15 permit to construct is issued to discourage speculative  
16 transients from coming north.

17 Q Would you please elaborate  
18 on the rationale for these recommendations?

19 A The use of local contractors  
20 to construct personnel housing and O & M facilities should  
21 minimize the requirement for imported labour in this area.  
22 Therefore, there should be a corresponding minimization  
23 of additional housing requirements. This policy would  
24 also encourage northern participation and help to  
25 stimulate the local economy.

26 Orientation programmes for  
27 southern pipeline workers, if conducted in southern centers,  
28 or at the campsite, would eliminate the need to provide  
29 classroom and housing facilities in the northern communities.

30 Similarly, orientation programmes,





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for northerners, if conducted in the home communities, would eliminate the need for housing these people while they were going through this process.

The housing of transients, who come to the Northwest Territories seeking pipeline or other employment should not be the responsibility of Foothills, nor should the control of transient movement be a Foothills responsibility.

Construction personnel have indicated that pipeline craft union and construction trade hiring halls will probably be located in Edmonton and Vancouver, as compared to Alaska, where union hiring halls are situated in Fairbanks and Anchorage, thereby encouraging southern residents to come to Alaska, seeking pipeline employment. Locating union hiring halls outside the Northwest Territories and sponsoring multi-media information programmes to that effect in the south, prior to and during construction, should mitigate the problems somewhat.

Q Ms. Jensen, what is your assessment of the probable impact that the Foothills project will have on housing in the Northwest Territories?

A        It is not yet possible to determine the actual numbers of dependents in addition to the operations personnel who will require permanent housing. Therefore, a quantifiable assessment at this time would be inaccurate and invalid.

Foothills approach to pipeline development, during research, planning and policy formulation has been one of attempting to minimize the



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1 potentially disruptive socio-economic consequences of  
2 development. It is my opinion that the Foothills project  
3 will place relatively little demand on the existing North-  
4 west Territories housing supply as it will be Foothills  
5 policy to assume responsibility for accommodating its  
6 permanent employees through either encouraging home  
7 ownership or providing rental units.

8 With Foothills stated intention  
9 of making home ownership at least as attractive as renting,  
10 there exists a possibility that the present ratio in  
11 the Northwest Territories of only 10 percent owner-  
12 occupied dwellings to 90 percent tenant-occupied dwellings  
13 could begin to shift towards the Canadian average.

14 THE COMMISSIONER: What is the  
15 Canadian average?

16 A 60 -40.

17 Q In favour of ownership?

18 A In favour of ownership.

19 MR. HOLLINGWORTH: Ms. Jensen,  
20 could you describe for us the general health care delivery  
21 system in the Northwest Territories?

22 A The health care system  
23 in the Mackenzie District is characterized by a system  
24 of nursing stations in small communities supported  
25 by regional hospitals in urban centers. The Inuvik  
26 General Hospital with a capacity of 129 beds serves as  
27 the regional referral center from Fort Norman north.

28 Stanton Yellowknife Hospital,  
29 with a capacity of 73 beds provides general hospital care  
30 for the upper Mackenzie, Slave Lake region.



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Hay River and Fort Simpson  
also provide hospital care and have the combined capacity  
of 36 beds. Expansion of the Hay River Hospital is  
planned for 1976 and bed capacity will be increased to  
50. Patients requiring care beyond the capability of the  
regional hospitals are transported to southern medical  
centers.

Q On any construction project,  
one can expect a certain number of industrial accidents.  
With this in mind, what effect would the construction  
phase have on the existing health care delivery system?

A As stated by Mr. Ellwood,  
minor illnesses and industrial accidents will be treated  
on site. With regard to more serious illnesses and  
accidents, Gemimi North Limited's research, based on  
the pipeline industries' experience in southern Canada  
shows that 18 percent of all pipeline construction  
accidents require hospitalization. Using the formula  
devised by Gemini North Limited and applying it to  
Foothills manpower requirements, we arrived at the pro-  
jections as shown in Table three of the appendix.

Our projections from table three  
show negligible numbers requiring hospitalization with  
the exception of peak construction years when the number  
of accidents requiring hospitalization increases from  
a low of five to a high of 71 during the first year of  
construction.

For those accidents requiring  
hospitalization, established northern health care patterns  
would prevail, for example, the patient would be transported





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1 to the closest regional hospital, extent of injuries  
2 determined and either admitted for treatment or  
3 transported south.

4 Q What do you anticipate  
5 the effect will be during the operations and maintenance  
6 phase?

7 A During the O & M phase,  
8 Foothills employees will be integrated into four operating  
9 centers, Norman Wells, Inuvik, Fort Simpson and Yellow-  
10 knife. Each of these communities has adequate medical  
11 facilities to absorb population increase, due to  
12 pipeline construction and operation without further  
13 expansion or diminished levels of health care service.  
14 Some increases of medical personnel may be necessary  
15 depending on the staff levels at the time the permits  
16 are issued.

17 Q Are there other aspects  
18 of health in the Northwest Territories that could be  
19 affected by the Foothills proposal?

20 A Yes. Inadequate sewage  
21 and water treatment facilities affects certain disease  
22 and infant mortality rates.

23 Statistics show that the North-  
24 west Territories has the highest infant mortality rate  
25 in Canada. While infant mortality rates show an improve-  
26 ment since 1970, the report on health conditions in the  
27 Northwest Territories in 1974 states, and I quote,

28 "We can only repeat the absolute necessity for  
29 improvement in general living conditions, water  
30 supply and sanitary disposal if we are to achieve





1           any real reduction in this rate."

2                               Also closely related to poor  
3 living conditions, water supply and sanitary disposal  
4 are the incidence of bacillary dysentery and infectious  
5 hepatitis and again this incidence is much higher in the  
6 Northwest Territories than elsewhere in Canada.

7                               Examples of recent statistics  
8 are shown on tables four and five of the appendix.

9                               Being aware of this problem,  
10 Foothills, whenever possible, will be designing modular  
11 sewage and water treatment facilities in sizes which could  
12 be suitable for permanent use in the communities. Since  
13 some of these installations will be surplus following  
14 construction, Foothills has stated that they are prepared  
15 to make those which are surplus available for use in the  
16 communities.



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1 Q Could you describe the  
2 existing education system in the Mackenzie District of  
3 the Northwest Territories?

4 A Formal education began in  
5 the Mackenzie District over one hundred years ago when  
6 the Gray Nuns established a residential school at Fort  
7 Providence in 1867. The Mission school system was expand-  
8 ed somewhat during the first half of the century, but it  
9 wasn't until the Federal Government became responsible  
10 for education in the '50's that the foundation was laid  
11 for the present system. Responsibility for northern  
12 education was transferred from the Department of Indian  
13 Affairs to the Territorial Government in 1967.

14 From such meagre beginnings  
15 has evolved a system which places education within the  
16 immediate reach of all northerners. All communities in  
17 the Mackenzie District offer at least an elementary  
18 education, supplemented by an adult education program.  
19 Students who want to attend high school or post-secondary  
20 institutions are required to live away from home in the  
21 urban centers of the Mackenzie District or southern  
22 Canada, depending to what level of academic or vocational  
23 achievement they aspire.

24 Costs of acquiring an education  
25 are completely absorbed by the Territorial Government  
26 and in fact, education is the largest single budgetary  
27 expenditure of the government. School enrollments for  
28 all ethnic groups residing in the region have risen  
29 steadily and an increase of over 8,000 students has  
30 occurred from 1960-75 throughout the Territory.



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1 During this same period, the number of Indian students  
2 has doubled and the number of Inuit students has tripled.  
3 Estimated enrollments in the Mackenzie District for the  
4 75-76 school term are 3,937 elementary students, 1,795  
5 high school students, 155 vocational students, 165  
6 university students and 185 are enrolled in adult  
7 education courses.

8 Administration of the education  
9 system is decentralized with regional education offices  
10 being located in Inuvik, Fort Smith and Hay River.  
11 Territorial administration is conducted from Yellowknife.  
12 While southern style school boards have not yet been  
13 developed with the exception of Yellowknife and Rae-Edzo,  
14 elected school advisory committees have been established  
15 in most communities.

16 Q Would you now describe the  
17 probable effects of the Foothills' project on the  
18 education system in the Mackenzie District?

19 A We have calculated  
20 expected student increases for all operating centers and  
21 also the expected classroom additions resulting directly  
22 from pipeline operations and secondary development.  
23 Table VI in the Appendix shows the number of school age  
24 children expected to move into operating centers after  
25 construction. The increases in enrollment are spaced  
26 out over a five year period in the valley and delta  
27 communities and over three years in Yellowknife.

28 Should residents in the smaller  
29 valley communities opt for employment during the  
30 operations phase and establish residence in the operating





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1 centers, we could expect these figures to increase some-  
2 what as native northerners tend to have larger family  
3 units than southerners.

4 This would result in a corres-  
5 ponding decrease in school enrollments in the smaller  
6 Mackenzie District communities.

7 While it is not possible to  
8 predict the number of persons residing in any of the  
9 four operating centers who may opt for pipeline employ-  
10 ment, their participation would reduce the predicted  
11 numbers accordingly.

12 Pipeline development would  
13 necessitate limited expansion in all operating centers  
14 (Inuvik, Norman Wells, Fort Simpson and Yellowknife) and  
15 it is my belief that the capability to provide additional  
16 facilities is available provided that sufficient lead  
17 time is given to the education authorities.

18 Q Do you anticipate any  
19 other activity in the education system as a result of  
20 the Foothills' project?

21 A Yes, I do. As pipeline and  
22 other development becomes imminent, we can expect to  
23 see increasing numbers of community residents enrolling  
24 in adult education programs to upgrade their basic skill  
25 levels, anticipating employment. Indeed, movement in  
26 this direction has already begun. The residents of Tuktoy-  
27 aktuk requested a clerk typist course in the fall of  
28 '75. Three students have completed the course and are  
29 now locally employed, the other two students are currently  
30 in the last stages of the program. These students have



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1 completed the course as well.

2 Preliminary discussions between  
3 delta residents, the Department of Education officials  
4 and representatives of industry are exploring the  
5 possibility of establishing a vocational training  
6 facility in the delta.

7 Most communities situated  
8 in the Mackenzie Valley currently have adult education  
9 programs for residents. Primary emphasis is placed  
10 on Basic Job Readiness Training and Basic Training for  
11 Skill Development, supplemented by home management and  
12 local interest programs. Education officials estimate  
13 185 northerners are presently enrolled in community adult  
14 education throughout the district and they have indicated  
15 to me they foresee no difficulties expanding present  
16 capacity should demand increase.

17 Q Ms. Jensen, much discussion  
18 in the Northwest Territories centers around the problem  
19 of alcohol abuse. Would you briefly describe the  
20 current situation?

21 A It is generally recognized  
22 that alcohol abuse is northern Canada's most serious  
23 social problem. Alcohol abuse is directly related to  
24 other social problems such as poor physical and mental  
25 health, high accident rates, high crime rates, family  
26 unit breakdown and child neglect.

27 Canadian statistics published  
28 by the Northwest Territories Alcohol and Drug Co-Ordinat-  
29 in Council in their 1974 Annual Report show a relation-  
30 ship between the amount of personal disposable income and



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1 per capita consumption of alcohol. For instance, in 1973  
2 the Northwest Territories had the second highest rate of  
3 alcohol consumption in Canada and also the fourth  
4 highest per capita income, as compared to New Brunswick  
5 which had the lowest personal disposable income and the  
6 second lowest alcohol consumption rates.

7 Such statistics support a widely  
8 held northern belief that increased disposable incomes  
9 resulting from pipeline employment will further add to  
10 the already severe alcohol problem that exists. It is  
11 my opinion that while such a possibility is real, the way  
12 to avoid the problem is not to restrict access to high  
13 paid employment but to create an environment in which the  
14 population is aware of the inherent dangers associated  
15 with excessive alcohol consumption and to provide the  
16 necessary support services and rehabilitation programs  
17 necessary to minimize the problems.

18 Responsibility for initiating  
19 alcohol education and rehabilitation programs lies primarily  
20 with the government; it is my belief that efforts should  
21 be directed to assisting community groups and agencies  
22 whose primary function is to promote responsible drinking  
23 behavior and treatment programs for those residents having  
24 a need.

25 Q Have you made any recommenda-  
26 tions to Foothills with regard to alcohol consumption in  
27 relation to their project?

28 A Yes, I have. With regard  
29 to alcohol consumption in the construction camps, I  
30 made the following recommendations for management to





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1 consider.

2 1. Tavern facilities should be provided where feasible.

3 2. Counselling services should be provided at the  
4 work site.

5 Q What is the rationale  
6 behind these recommendations and why was prohibition  
7 not recommended?

8 A By providing tavern  
9 facilities, Foothills could integrate the consumption  
10 of alcohol into the overall camp recreation program.  
11 It is my belief that appropriate behavior with respect  
12 to alcohol can be best realized if alcohol is available  
13 in an atmosphere conducive to sociability as opposed to  
14 consumption. Therefore, by providing, encouraging and  
15 supporting participation in such recreational activities  
16 as cards, shuffleboard, pool, movies, etc., the  
17 propensity towards heavy consumption should be reduced.  
18 Creating a suitable social environment in which to  
19 consume alcohol is a recommendation made by Wacko in  
20 his report to the Government of the Northwest Territories  
21 in 1973.

22 Alcohol consumption and abuse  
23 has been and continues to be a disruptive element in  
24 the work force. Therefore, I have recommended that on-  
25 site social counsellors be provided in an attempt to  
26 alleviate some of the problems resulting from alcohol  
27 abuse.

28 Absolute prohibition of alcohol  
29 was discarded as a policy because, I believe, outright  
30 prohibition would be unworkable for the following reasons:





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1 1. Experience indicates that one can limit or control  
2 access to alcohol, but one cannot force people to stop  
3 drinking. Some form of bootlegging can be expected  
4 to evolve from prohibition.

5 2. Liquor is associated with certain forms of recreation.  
6 Prohibition on the use of alcohol at camps during  
7 construction may meet strong resistance from workers and  
8 their unions.



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1 Q What is the current  
2 situation in the Northwest Territories with respect  
3 to the incidence and nature of crime?

4 A As elsewhere in Canada,  
5 the Northwest Territories has seen crime rates increase  
6 over the past decade.

7 Data presented by Gemini North  
8 Limited in their socio and economic impact of the  
9 proposed Arctic Gas pipeline in northern Canada, show  
10 that during the period 1967 to 1972 the incidence  
11 of crime per 100 population roughly doubled for crimes  
12 of violence, liquor ordinance violations, assaults and  
13 crimes against property.

14 Increased crime rates occurred  
15 at the same time as an increasingly widened employment  
16 base as the period was one of active development in  
17 the region due to oil and gas exploration, establishment  
18 of the Territorial Government and the expansion of the  
19 transportation system. This is analogous to the increased  
20 demands for social assistance during the same period.

21 A large percentage of crime  
22 in the region is related to alcohol abuse and its  
23 attendant social problems. Professionals in the field  
24 estimate that 90 percent of all the Northwest Territories  
25 ordinance violations are against the Liquor Ordinance,  
26 and that alcohol is a factor in 50 percent of all crime.

27 Recognizing the apparent relation-  
28 ship between crime rates and development in the region,  
29 I have recommended to Foothills ways which may minimize some  
30 adverse influences resulting from the project.



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1  
2 Q What were these recommenda-  
3 tions?

4 A One, pipeline construction  
5 workers should be housed in self-contained camps well  
6 removed from communities.

7 Two, all access to and from  
8 construction camps should be controlled by Foothills.

9 Three, accessibility to construc-  
10 tion camps and right of way should be open to the R.C.M.P.  
11 and/or other peace officers pursuant to their respons-  
12 ibilities.

13 Four, working facilities  
14 should be provided in major construction camps for the  
15 R.C.M.P. and/or other peace officers, pursuant to their  
16 responsibilities.

17 Five, on-going consultation  
18 should be maintained with agencies responsible for  
19 maintaining the peace.

20 Q What was your rationale for  
21 these recommendations?

22 A The first two recommendations  
23 that I have made in this area have a common reasoning  
24 behind them because of their very close inter-relationship.  
25 Primarily, these recommendations are in direct response  
26 to the wishes and demands that have been expressed by  
27 many citizens in the Northwest Territories on numerous  
28 occasions, some of those being at the community hearings  
29 and on my own visits to various settlements and towns  
30 throughout the Mackenzie District during the past years.





1                                   The remainder of the recommenda-  
2 tions in this area stem primarily from my own and other  
3 persons reactions to situations that have occurred in  
4 Alaska. Granted, these situations may not correspond  
5 to anything that may happen in the Northwest Territories,  
6 but it is the only example we have to date and I feel  
7 that it is worthwhile to take a close look at what has  
8 happened in Alaska.

9                                   Q     What is your assessment  
10 of the overall potential impact of pipeline construction  
11 with regard to the incidence and nature of crime in the  
12 Northwest Territories?

13                                  A     I know of no way to predict,  
14 with any degree of accuracy, whether or not there will  
15 be any increase in the incidence of crime because of  
16 pipeline construction or any development proposal for  
17 that matter.

18                                  Statistics show that there  
19 has been an increase concurrent with other development  
20 projects, but to prove a causal relationship between  
21 a specific development and the incidence of crime is not  
22 possible. Similarly, it is impossible to predict whether  
23 or not the historical nature of crime in the Northwest  
24 Territories will be modified and if so, in what direction.

25                                  My assessment, then, is as follows,  
26 I believe that in the absence of increased prevention and  
27 enforcement measures, the incidence of crime in the  
28 Northwest Territories, as in the rest of Canada, will  
29 continue to increase and that during the construction  
30 phase, it is likely that these increases in the Northwest



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1 Territories will be higher than they would be in the  
2 absence of development.

3 Q Ms. Jensen, would you please  
4 outline the existing situation in the Northwest Territories  
5 regarding social assistance?

6 A Social assistance as it is  
7 defined today did not exist in the Northwest Territories,  
8 prior to the establishment of the Territorial government  
9 in 1967. In the early days, social assistance was a  
10 service provided by the Hudson's Bay factor, the mission-  
11 aries, and the Indian Agent. What previously had  
12 been a rather informal system became formalized with the  
13 introduction of the Department of Social Development,  
14 Government of the Northwest Territories.

15 The Department of Social Develop+  
16 ment administers its on-going programmes of which  
17 social assistance is only one aspect from regional and  
18 area offices located in Inuvik, Fort Simpson, Hay  
19 River, Fort Smith and Yellowknife. These offices are  
20 staffed by professional social workers who supervise  
21 para-professional welfare workers at the community level.  
22 In most cases, welfare workers are native and work either in  
23 their home communities or in communities where they usually  
24 know the majority of the client population.

25 In the Northwest Territories,  
26 social assistance is paid out under four classifications.

27 A. Economic assistance, available to those who would  
28 normally hunt, trap or work, and who, because of  
29 lack of resources or employment opportunities have  
30 become dependent upon welfare.



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- 1 B. Health, available to those who are unable to maintain  
2 themselves due to advanced age, physical or mental  
3 disabilities or dependents of a hospitalized provider.  
4 C. Dependent children, available to single parents  
5 who maintain minor children or in some cases where  
6 grown children have assumed responsibility for  
7 parents.  
8 D. Supplementary income, available to those who  
9 receive pensions for old age, disabilities or  
10 blindness, women whose husbands are incarcerated and  
11 some cases where earned income is insufficient to  
12 support a family.

13 There is little doubt in the  
14 minds of professional social workers or the man on the  
15 street that over the past decade, social assistance has  
16 become either a permanent or temporary way of life for  
17 a considerable number of northerners. Recipients of social  
18 assistance can be classified into two categories.

- 19 A. The unemployable, those who cannot work or trap  
20 because of old age, poor mental or physical  
21 health and mothers with dependent children.  
22 B. The employables, those who are physically and  
23 mentally capable of working for wages or hunting  
24 and trapping but choose not to, or those who cannot  
25 find suitable employment.

26 Q Would you please outline  
27 the relationship between the pace of development and the  
28 level of social assistance?

29 A Development of any sort  
30 implies change, whether the development is economic,





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1 political or social. Canadian society has long acknowledged  
2 the fact that Canadians who are affected by change  
3 may require some form of assistance in order to adjust.  
4 Therefore, I do not find it surprising that forecasts  
5 call for an increase in social assistance, at least in  
6 the short term.

7                               There is a fairly common  
8 misconception that social assistance payments will decrease  
9 with the increasing availability of jobs and higher incomes,  
10 however, if we consider social assistance in terms of  
11 payments for reasons of economic need, health, dependent  
12 children, or supplementary requirements, data shows that  
13 the overall social assistance bill for the impact  
14 region has increased on the average from \$841,231.00 to  
15 \$2,481,666.00 or 295 percent over the period 1969 - '70  
16 to '74 - '75. This increase in payments has occurred  
17 concurrently with significant increases in the employment  
18 base, including buildup of government personnel,  
19 introduction of petroleum exploration activity and  
20 construction of the Mackenzie, Liard and Dempster  
21 Highways.

22                               However, despite the apparent  
23 association of increased wage employment activity with  
24 increased social assistance requirements, it is not possible  
25 to correlate these elements statistically. The total  
26 social assistance bill for the impact region may have  
27 increased for any one or several of the following reasons,  
28 1. Increased payment schedules due to higher costs of  
29 living.  
30 2. Increased coverage of the region by government social





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development personnel, both in the scope of the area serviced and in the intensity of services provided.

3. The change in human settlement patterns implied in the transition from a land based hunting and gathering economy to a town centered, wage employment economy.
4. Increased family unit breakdown and associated problems, which may occur when one or more members of the family are employed away from home for long periods and,
5. The sociological phenomena known as the revolution of rising expectations.

Q What recommendations have been made regarding policy formation that could social assistance in the Northwest Territories?

A Normally, social assistance is beyond the scope and control of Foothills or any developer and is largely the responsibility of governments, community agents and most of all, the people themselves. However, there are recommendations which I have made and which would help if adopted, which may help to reduce the impact of the proposed development. These recommendations are,

- A. Foothills should make provisions that would enable families in northern settlements to receive money directly while the wage earner is out on the line.
- B. Foothills should, in conjunction with other agencies, undertake financial counselling and education programmes for employees so that they may be aware of the consumption and saving options open to them in the sparsely serviced north.



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Q Why did you make these particular recommendations?

A Northern workers on the construction project could be away from their homes for long periods and might, for several reasons, not send money home to their families on a regular basis. If the proposed financial counselling and mechanisms for sending money home are utilized, then the need for social assistance in the communities should not be as great as it might be without these preventative mechanisms.

In many cases in the past, money earned by northerners has been spent, squandered, and in some instances stolen. It is my belief that, with some form of financial counselling, a more responsible pattern of money management may emerge in the north.

Such a shift in attitudes and behavior can only help northerners who opt for wage employment realize their aspirations in the long-term. In my opinion, if the shift occurs, it will help to moderate the increasing trend in social assistance payments.

Q Ms. Jensen, would you now speak to the question of the impact of the proposed pipeline project on social assistance in the Northwest Territories?

A The impact of the pipeline project on the incidence and need for social assistance is difficult to assess at this time. In the short-term I anticipate that social assistance payments will



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1 continue to increase. The rate of increase will, in  
2 my opinion, be at least as great as the present rate.

3 Over the long-term, I would  
4 also expect that the expansion of a stable employment  
5 base by pipeline and related developments along with  
6 vocational training programs should alleviate some of  
7 the circumstances and conditions which are reflected  
8 in the need for social assistance payments.

9 Q The Alyeska oil pipeline  
10 is presently under construction in Alaska. Would you  
11 care to comment on why a direct comparison of the socio-  
12 economic impact of this project to that of the Foothills  
13 project is not totally valid?

14 A Yes, I would. Although I  
15 do not consider myself to be an expert on the socio-  
16 economic situation in Alaska, and I do not intend to  
17 attempt a comparison between Alaska and the Mackenzie  
18 Valley, I can list several important factors where the  
19 Foothills' project is quite different from the Alyeska  
20 project and can therefore be expected to have quite  
21 different socio-economic effects.

22 1. On the Foothills' project, the peak employment will  
23 be approximately 6,000 workers as compared to the 20,000  
24 peak workers on the Alyeska project. With fewer workers,  
25 there is much less possibility of social and economic  
26 disruption.

27 2. For the Foothills' project, all the mainline pipeline  
28 and compressor station crews will be housed in camps  
29 removed from the communities. In contrast, many of the  
30 Alaskan workers have access to the communities from the







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1 camps.

2 3. There is no need for extensive terminal facilities  
3 in the Northwest projects whereas the Valdez terminal  
4 in Alaska is a major undertaking with considerable socio-  
5 economic effect on the community of Valdez.

6 4. For the Foothills' project, the majority of southern  
7 workers will be hired in Edmonton or Vancouver and will  
8 be returned to these cities when they are finished  
9 working. In Alaska, most of the hiring is done in  
10 Anchorage and Fairbanks with resultant social problems  
11 created by an influx of people seeking employment.

12 For these reasons, I believe the  
13 Foothills' project will have considerably less social  
14 and economic impact on the Mackenzie Valley region than  
15 the Alyeska oil pipeline has had on Alaska.

16 Q Mr. Burrell, in recent  
17 months --

18 THE COMMISSIONER: Excuse  
19 me, Mr. Hollingworth --

20 MR. HOLLINGWORTH:  
21 Sorry, sir.

22 THE COMMISSIONER: This is  
23 quite densely packed and if I may say I find it very  
24 interesting and very helpful but maybe we could just  
25 stop for five minutes and stretch our legs and we'll  
26 plunge in again.

27 MR. HOLLINGWORTH: Certainly  
28 sir.

29 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)  
30



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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. HOLLINGWORTH: Thank you  
sir.

Mr. Burrell in recent months,  
there has been much said about the provision of natural  
gas to northern communities. Would you please state  
the Foothills Pipe Lines Limited position on this matter  
and the rationale for such a position?

WITNESS BURRELL: Mr. Blair,  
our company president covered this matter in his  
appearance before this Inquiry in August of last year  
(transcript page references 7937-7942, 8241-8243, and  
8288-8293. Since that was some time ago and the matter  
is of such interest, perhaps it bears repeating.

It is our company's firm  
conviction that whenever it is practicable to do so,  
residents of an area must be afforded the opportunity and  
the assistance to gain access to and benefit from the  
resources which are developed within their area, even  
if it means that special arrangements must be made in  
order for this to occur.

Consequently we believe that  
a natural gas pipeline through the Northwest Territories  
should do more than transport natural gas from the supply  
fields of the Beaufort Basin to market areas which are  
south of the 60th parallel. Foothills, therefore, has  
developed a plan for providing natural gas service to  
the northern communities and has included as an integral  
part of its system, under application to both the  
Department of Indian Affairs and Northern Development and



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1 National Energy Board, those transmission lateral  
2 facilities necessary to deliver natural gas to the  
3 "town gate" of a list of principal communities and  
4 settlements in the Mackenzie Valley and the Great Slave  
5 Lake area. Our applications then are as much a proposal  
6 to deliver natural gas to northern communities as they  
7 are a proposal to deliver gas to market areas south of the  
8 60th parallel.

9 Q Does Foothills intend to  
10 follow the "Traditional Utility Approach" in determining  
11 the cost of delivering natural gas to the northern  
12 communities?

13 A No. If the "Traditional  
14 Utility Approach" were to be followed, the resulting cost  
15 of the natural gas would be such that in only a few of  
16 the communities would it be economically feasible for the  
17 residents to enjoy the benefits which can be realized  
18 with natural gas service. Foothills does not believe  
19 that the "Traditional Utility Approach" should deny the  
20 northern people the opportunity for natural gas service.  
21 -- natural gas which is produced from the supply fields  
22 located in the Northwest Territories.

23 Q What policy position or  
24 plan then has Foothills developed in order that natural  
25 gas service can be made available to a number of the  
26 Northwest Territories communities on an economically  
27 feasible basis?

28 A Specifically, the Foothills  
29 plan for providing gas to the northern communities calls  
30 for the cost of transporting gas to the "town gate" of





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1 each community to be

2 (a) the actual cost of transportation, or,

3 (b) the price to be charged by Foothills for gas which  
4 it delivers to connecting pipelines at the Northwest  
5 Territories - Alberta border --  
6 whichever of the two is the lesser.

7 In other words, under the  
8 Foothills' plan, the cost of gas delivered to the  
9 "town gate" of any of the communities will not exceed the  
10 cost of gas which is delivered to the 60th parallel.

11 This arrangement will apply  
12 only to gas used for residential or commercial purposes  
13 and for gas used in the generation of electricity to  
14 service these two categories of customers.

15 Q I note the industry  
16 category of customer has been excluded. Why is this?

17 A The Foothills' plan  
18 for providing natural gas to northern communities is  
19 directed primarily towards reducing the fuel costs of  
20 residential and commercial customers. However, since  
21 the transmission lateral facilities which Foothills  
22 proposes to install will have capacity in excess of that  
23 forecasted for residential and commercial purposes and to  
24 the extent that spare capacity is available, Foothills  
25 proposes to offer natural gas for use by industrial  
26 consumers at "town gate" costs similar to those for  
27 residential and commercial customers.

28 This offer is to be made on the  
29 understanding that future residential and commercial  
30 customers will have first priority on such spare capacity





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1 and, as such, this may cause a later reduction in the  
2 quantity of natural gas which can be delivered to the  
3 original laterals for industrial consumption. If, in order  
4 to supply natural gas to industrial customers Foothills  
5 is required to expand the transmission lateral facilities  
6 which were initially installed, Foothills proposes that  
7 at the time of construction of the additional facilities  
8 it will set a "town gate" rate structure for natural  
9 gas to be used by industrial customers which will compen-  
10 sate Foothills in an appropriate manner for the cost  
11 of constructing and operating the additional facilities.

12 Q Under the Foothills' plan,  
13 there must be a number of communities which could receive  
14 natural gas service at a cost which would be lower than  
15 that which would be calculated using the so-called  
16 "Traditional Utility Approach"?

17 A Yes, there would be.

18 Q Well how then does the  
19 Foothills' plan contemplate recovering any cost  
20 differential which would result between actual revenue  
21 received and the revenue which would have been generated  
22 using the "Traditional Utility Approach"?

23 A The Foothills' plan calls  
24 for the higher unit costs of delivering small quantities  
25 of gas to northern users to be rolled in with the cost of  
26 delivering the much larger volumes of natural gas to  
27 downstream users, a principle which is not unique in  
28 the Canadian gas industry. TransCanada Pipe Line,  
29 for example, uses a zone costing arrangement in Ontario  
30 and Quebec where the "town gate" rate structure is the



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1 same for the smaller communities as it is for Toronto,  
2 Ottawa and Montreal.

3 Q In determining the  
4 practicability of providing natural gas to northern  
5 communities, how many communities were examined?

6 A We investigated the  
7 possibility of providing natural gas service to 24  
8 northern communities.

9 Q Of the 24 communities,  
10 how many did you determine could be practicably provided  
11 with natural gas under the Foothills plan?

12 A Eleven communities. It  
13 is interesting to note that these 11 communities  
14 presently contain approximately 22,000 people which is  
15 about 50% of the total population of the Northwest  
16 Territories or about 75% of the population of the impact  
17 area.

18 Despite our "selection" of the  
19 communities to be so served, we point out that individual  
20 communities in the region would have the option to  
21 decide on whether or not they wished gas service and  
22 therefore whether or not a pipeline lateral would be  
23 built to the community at the same time as mainline  
24 construction. Individually, the Slave Lake communities  
25 would not necessarily have the same option because  
26 the economics of these laterals are very much dependent  
27 on which of the Slave communities opt for gas service.

28 Q How did you determine those  
29 communities for which it would be practicable to provide  
30 natural gas service under the Foothills' plan?



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A We followed the approach generally used in the utility business and established as a matter of policy the level of capital investment which we could reasonably make towards the installation of each of the community laterals. Our investment policy was established on a unit of throughput basis and for each community lateral system amounts to \$25 per MCF of annual throughput as forecasted for the 5th operating year. We concluded that this would enable natural gas to be made available to northerners at a reasonable price while not adding unduly to the mainline transportation costs.

Those communities requiring a capital investment for transmission lateral facilities less than \$25/MCF of annual throughput in the fifth operating year could receive natural gas service under the Foothills' plan without the need to make a capital contribution towards the cost of constructing the transmission lateral facilities. Those communities requiring a capital investment for transmission lateral facilities over \$25/MCF of annual throughput could also receive natural gas service provided a capital contribution was made to cover the amount in excess of the \$25/MCF of annual throughput as forecasted for the fifth operating year. For the purpose of our application only, we deemed it practicable to provide natural gas service to those northern communities which fall into the first category.

Q Does this mean that any community in the region could receive natural gas service







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1 under the Foothills' plan?

2 A Yes, if the community  
3 themselves decided it is in their best interests to do  
4 so; although some may be required to make a capital  
5 contribution towards the cost of constructing the  
6 transmission lateral facilities.

7 Q Will you please describe  
8 the transmission lateral system which Foothills has  
9 included in its applications to the Department of  
10 Indian Affairs and Northern Development and to the  
11 National Energy Board?

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A As shown in figure eight of the appendix, the proposed transmission lateral system will consist of approximately 460 miles of pipeline ranging in size from three inch to ten inch diameter and will have an estimated installed cost of \$74,000,000.00 and as I have said before, will provide natural gas service to about 50 percent of the population in the Northwest Territories.

Although the earliest in-service date for the Foothills system will probably be 1981 and 1982, all costs stated in the evidence pertained to a 1979 in-service date. It was necessary to do this because costing data for the former in-service dates have not yet been finalized.

Comparison of costs for a later start up date, however, should not alter the conclusions which can be drawn from the evidence as presented.

It is proposed that the communities of, Inuvik, Fort Good Hope, Norman Wells, Fort Norman, Wrigley, Fort Simpson, Hay River, Pine Point, Fort Providence, Rae-Edzo and Yellowknife will receive natural gas service with first deliveries occurring in the year after that in which the mainline is put into service. The bulk of the construction of the transmission laterals will occur the year after construction of the mainline is completed, thus providing one or more years of pipeline construction employment -- I'm sorry, thus, providing one more year of pipeline construction employment for northerners.

Q Who performed the design



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1 and cost estimating for the Foothills "Gas to Northern  
2 Communities Programme?"

3 A The design and costing  
4 for the transmission laterals was performed by the  
5 Foothills engineering department. As for the distribution  
6 systems, we felt it important that the required work  
7 be performed by experts in that particular field. This  
8 work was done for us by Great Northern Gas Utilities  
9 Limited, a company well established in the natural  
10 gas distribution business in Canada.

11 Great Northern, its associated  
12 companies and its predecessor companies have for some  
13 27 years, designed, constructed and operated a number  
14 of natural gas and propane vapour distribution systems  
15 in western Canada. In addition, Plains Western Gas  
16 and Electricity Company Limited, a subsidiary company of  
17 Great Northern, is familiar with northern construction  
18 and operations having built and now operate the electrical  
19 distribution system in Yellowknife, which it has owned  
20 and operated for more than 25 years.

21 Great Northern, after conducting  
22 on site load surveys in a number of communities, provided  
23 to us, by community, forecasted gas volumes, number of  
24 customers, distribution system capital and operating  
25 costs, and equipment conversion costs.

26 Q Does Foothills intend to  
27 own and operate the community distribution systems?

28 A No, not unless it is  
29 absolutely necessary in order for a community to get  
30 natural gas service. Our business is natural gas trans-





1 mission. In addition, we believe this provides a good  
2 business opportunity for a northern firm, perhaps a  
3 community co-operative or a natural gas distribution  
4 company.

5 Q What benefits will northern  
6 natural gas consumers realize under the Foothills plan?

7 A We estimate that by the  
8 mid 1980's the average annual saving per northern house-  
9 hold will exceed \$500.00 when compared to the cost of  
10 purchasing fuel oil, not to mention the intangible  
11 benefits such as cleanliness, convenience and versatility  
12 of use which natural gas offers.

13 Table nine of the appendix shows  
14 the forecasted savings expected by household, by community.

15 Q In response to a previous  
16 question, you stated that the higher unit costs of  
17 delivering the small quantities of gas to northern users  
18 would be rolled in with the cost of delivering the much  
19 larger volumes of natural gas to downstream users. What  
20 is the effect on the mainline cost of service of so-  
21 doing?

22 A We have estimated that in the  
23 mid 1980's this will add 11 to 12 million dollars to  
24 the mainline cost of service, which is then estimated  
25 to be approximately \$440,000,000.00. The effect will  
26 be an increase of less than <sup>one</sup> / and a half cents per MCF  
27 in the cost of delivering natural gas from the Beaufort  
28 Basin to market areas in southern Canada. We believe this  
29 is not an unreasonable cost for the opportunity to  
30 connect this region's gas reserves with the market areas





1 in the south. I might add that more detail, with respect  
2 to this and other questions is contained in a response  
3 to a request made by Commission Counsel for additional  
4 information regarding the Foothills plan to provide  
5 natural gas service to certain northern communities  
6 which was filed as Exhibit number 226 in this Inquiry.

7 Q Some people have suggested  
8 that perhaps it would be more desirable economically  
9 not to build the transmission lateral systems, but  
10 instead channel the funds required to build these lateral  
11 systems towards reducing the cost of fuel oil in these  
12 communities. Have you any comments on this?

13 A Yes. Our estimates show  
14 that it will be more desirable economically to supply  
15 the selected communities with natural gas. In the mid  
16 1980's for example, for the 11 northern communities cited,  
17 the savings, using natural gas rather than fuel oil  
18 equates to the 11 to 12 million dollar in the increase  
19 in the mainline cost of service, which results because  
20 of the gas to northern communities programme. By the  
21 end of the decade, this annual saving to northern gas  
22 consumers is 5 to 6 million dollars more than the added  
23 cost to the mainline cost of service which results due  
24 to the gas to northern communities programme.

25 Table ten of the appendix shows  
26 these results.

27 One very important consideration  
28 in the Gas to Northern Communities Programme, is that  
29 once the pipeline is installed, the cost of transporting  
30 natural gas through it remains relatively constant or even



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1 reduces. There's no such guarantee with oil deliveries  
2 given the present methods of presentation.

3 Q Some people have also  
4 suggested that since the majority of the people in the  
5 north presently have the cost of their fuel subsidized  
6 in one way or another there is really no advantage in  
7 converting to natural gas. Could you comment on this?

8 A First of all, people owning  
9 their own homes and commercial establishments not  
10 -- don't receive a fuel subsidy. There will therefore  
11 be a definite economic incentives -- incentive for these  
12 users to convert to natural gas service. Reduced operating  
13 costs for commercial establishments could also reflect  
14 in the cost of goods.

15 Those that do receive fuel  
16 subsidies generally live in government provided housing.  
17 Since the government owns the housing, and also provides  
18 the fuel subsidy, there certainly will be an economic  
19 incentive for the government to convert their houses  
20 to natural gas. The resulting saving might then be  
21 directed to other areas. Overall advantages of natural  
22 gas are the added conveniences which it provides to its  
23 users. In addition, in those communities in which elec-  
24 tricity is generated thermally, conversion to natural  
25 gas as a generating fuel could result in lower electrical  
26 cost to the consumer.

27 Q Are there any other advantages  
28 which natural gas services can provide?

29 A Yes, a spin-off benefit  
30 from the utilization natural gas would be that to the



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1 extent the Norman Wells refinery, fuel oil production  
2 was reduced, the resulting capacity which became available  
3 could be used to increase the output of other refinery  
4 products that otherwise would be brought in from the  
5 south at higher cost.

6 Q One last question on the  
7 Gas to Northern Communities Programme, how much natural  
8 gas will be consumed in these northern communities?

9 A Not that large a volume.  
10 At the end of the 1980's, for example, for the 11  
11 communities, for which natural gas service is proposed,  
12 it is estimated the average daily consumption will be  
13 16.8 in MCF or approximately 0.7 percent of the mainline  
14 throughput.

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MR. HOLLINGWORTH: Mr. Commission-

er, notice it's nearly 12:30. I'm just about to  
start in a new area. I'm in your hands as to what you  
wish to do.

THE COMMISSIONER: All right.

Well, let's adjourn till 2:00 then and then resume.

(QUALIFICATIONS & EVIDENCE OF BURRELL, ELLWOOD,  
JENSEN & MACLEOD MARKED EXHIBIT 669)

(PROCEEDINGS ADJOURNED TO 2 P.M.)



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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. HOLLINGWORTH: Sir, we're ready to proceed again. We're on page 50 of the prepared evidence, sir, at question 77 for Mr. Burrell.

Q What policy positions has Foothills taken which could have an effect on personnel and community income?

WITNESS BURRELL: Firstly, we believe some means and incentive should be offered to our permanent employees to enable them to extend the benefits of their salaried employment over a greater span of time.

We intend to offer this means and incentive:

(1) through our permanent employee benefits program which, as presently contemplated, will include a savings plan, pension plan, life insurance and disability protection, all to be financed jointly by the employee and the company.

(2) We are also prepared to provide money management advice as part of our overall counselling services to those of our operations staff who desire it.

Secondly, since the proposed Foothills' pipeline system is located entirely within the Northwest Territories, we believe encouragement should be given to residents of this area to invest in our project and thus have a say in how the company should function. To accomplish this, we intend to give residents of the Northwest Territories the opportunity



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1  
2 to purchase equity ownership in our pipeline project  
3 on attractive terms.

4 Q Mr. Burrell, what policy  
5 positions has Foothills taken which could affect  
6 community infrastructure?

7 A As a matter of policy, our  
8 company will work closely with the communities in order  
9 to avoid the overtaxing of infrastructure and will  
10 assist in the upgrading of existing facilities should  
11 our project make this necessary in the short-term.

12 In the long-term, we would  
13 expect the added taxes generated by our project would  
14 be made available for continued infrastructure improve-  
15 ment.

16 In addition, following the  
17 construction phase there will be considerable surplus  
18 materials available for disposal, and we believe the  
19 people within the impact region should have the right  
20 of first refusal with respect to this equipment and  
21 material. Arrangements for the disposal of surplus  
22 equipment and materials will be co-ordinated with the  
23 appropriate governmental agencies.

24 There are certain surplus  
25 facilities which may be of value to the community as a  
26 whole, for example, packaged water and sewage treatment  
27 facilities, first aid facilities, sleeping and dining  
28 facilities, wash house facilities and camp recreational  
29 facilities.

30 Foothills is prepared to make



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1 such surplus facilities available for use by the  
2 communities.

3 Q Mr. MacLeod, have you  
4 considered the potential impact of substantial  
5 increases in incomes in the corridor communities?

6 WITNESS MacLEOD: Yes. The  
7 participation of northerners in pipeline development  
8 will undoubtedly result in a proportionate and probably  
9 significant injection of revenues into the valley  
10 communities. Moreover --

11 MR. SCOTT: I can't hear the  
12 witness very well. I wonder if you would just bring  
13 the microphone a little closer?

14 A Moreover, this infusion  
15 should be both more substantial and more widely based  
16 than in previous periods of development in the Terri-  
17 tories, mainly because of the greater number of employment  
18 and entrepreneurial opportunities and the prospects of  
19 their greater sustainability.

20 Consequently, one can expect  
21 the creation of substantial surplus income and/or an  
22 increase in outlays for current consumption in the  
23 communities, assuming the continuation of existing  
24 expenditure patterns.

25 In this respect, we have noted  
26 considerable emphasis on current consumption, accompan-  
27 ied by a low rate of saving. The ultimate disposition of  
28 these increased incomes presents much potential for  
29 either positive or negative impact at both the personal  
30 and community level. Although the applicant's





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1 responsibility and authority in this area is limited,  
2 some measures should be adopted in order to stimulate  
3 positive durable development at the community level.

4 Q Would you briefly assess  
5 the policies that the applicant adopted in view of  
6 creating positive impact in this area?

7 A A higher level of  
8 saving or reduction of personal debt accompanied by a  
9 decrease in the proportion of disposable income  
10 allocated to current expenditures should enable  
11 northerners to assume a greater role in the overall  
12 economic development of the north and facilitate the  
13 fulfillment of individual aspirations, the latter  
14 encompassing the accumulation of durable assets.

15 The applicant's jointly finan-  
16 ced employee benefit plan is essentially a form of  
17 forced savings on lucrative terms. I consider this  
18 initiative to be advantageous to northerners, and it is  
19 particularly significant since the provision of such  
20 packages is much less prevalent in the Northwest Terri-  
21 tories than in Southern Canada. I would also add that  
22 equity ownership in the pipeline should constitute  
23 an additional and rewarding alternate savings instrument.

24 The applicant's position with  
25 respect to the co-ordination of payroll and employment  
26 policies with local financial institutions and the  
27 willingness to provide financial counselling will tend  
28 to modify existing personal expenditure patterns in  
29 accordance with the long-term objective which I have just  
30



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1  
2 suggested.

3 Q Wouldn't the generally  
4 higher level of incomes in the communities automatically  
5 entail a rise in the standard of living of local  
6 residents?

7 A The definition of a "higher  
8 standard of living" is very subjective. If we assume  
9 that the quality of housing and closely related public  
10 services are valid components of this definition, I  
11 would have to say that the improvements will certainly  
12 not be automatic as long as the initiative to upgrade  
13 these elements of the infrastructure remains with the  
14 public sector and non-resident property owners. The  
15 same reasoning is also applicable to recreational  
16 facilities.

17 As a result of pipeline related  
18 employment, an increase in personal disposable incomes  
19 can be expected and will provide individuals with the  
20 resources necessary to upgrade their living conditions.  
21 However, the ultimate allocation of these resources and  
22 the greatest potential for change lies within the range  
23 of individual initiative and responsibility. I think  
24 that the applicant's policy with respect to home owner-  
25 ship will assist in the modification of attitudes in  
26 this area.

27 Q Are there other means  
28 whereby the projected incremental revenue flows could  
29 create long-lasting benefits in the communities?

30 A Yes. Economic development



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at the community level is a well-justified concern of  
northern native organizations.

Commercial services and  
recreational facilities are very limited in the settle-  
ments and represent entrepreneurial opportunities which  
should best be taken by local residents. I believe that  
some persons are willing to take the initiative to  
exploit such opportunities, but many small established  
businessmen and potential entrepreneurs report  
difficulty in obtaining sufficient financing, particu-  
larly with respect to working capital. At the same time,  
financial institutions are generally absent in many of  
the settlements. Accordingly, the reconciliation of  
these needs will involve the pooling of revenues  
generated by hydrocarbon development.





Although this exceeds the limits of the applicant's responsibility, it is deemed desirable that some action be taken by native organizations, possibly with the co-operation of government to create some kind of savings and loan institution in those places where a commercial banking institution would not be viable. Initially, such a facility could operate out of settlement offices and, as managerial skills and the volume of transactions increase, integration into the credit union movement or evolution toward a system similar to that of the Alberta Treasury Branches might be desirable. The success of any such undertaking would depend largely upon the extent of local initiative, responsibility and sustained involvement. The resulting local capital pools would then provide additional means to achieve a secondary economic development.

Q In addition to the mobilization of pipeline generated incomes to attain economic development in the settlements, what other potential impact of increased employment opportunities and incomes can you envisage?

A As one moves from the southern to the northern end of the impact area, it would appear that, without other income, wildlife resources in the immediate vicinity of the communities are becoming insufficient to support a growing percentage of the population. Toward the northern extremity of the study region and points beyond, we note that many natives still live almost exclusively off the land while the rate of participation in wage employment in the same



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1 areas continue to increase. Since these people appear  
2 reluctant to relinquish their role in providing for their  
3 own material needs, one can conclude that, in the absence  
4 of additional wage employment opportunities, more people  
5 will have to rely upon hunting and trapping.

6 Furthermore, because of  
7 demographic growth, there exists the real possibility of  
8 relative depletion of the wildlife.

9 Pipeline development will  
10 generate more wage employment opportunities to accommodate  
11 the rising participation rate and thereby allow some  
12 people to adopt wage employment should they so desire.  
13 Those who choose to remain on the land would therefore  
14 be less numerous and be able to pursue their traditional  
15 activities on a more feasible basis.

16 While it is my belief that  
17 the majority of the northern work force will opt for  
18 at least construction employment, leaving little time,  
19 energy, manpower, or economic necessity for northerners  
20 to pursue traditional economic activities, there are  
21 particular variables which should partially offset the  
22 expected trend. These variables are:

- 23 1. Northern preference for food from the land as opposed  
24 to food from the Bay or the Co-op.
- 25 2. Dependence and preference of craft producers on local  
26 furs and hides to meet family and tourist demands for  
27 traditional artifacts.
- 28 3. Increasing world demand for wild furs which has  
29 given rise to record auction prices being paid this  
30 winter at the fur auctions for specific northern species.



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1 4. Hunting, trapping and fishing are intrinsic in  
2 northern peoples' perception of themselves as being a  
3 separate, distinct group of people and necessary to  
4 maintain their own unique culture.

5 Therefore, my assessment is that  
6 while the absolute numbers of full-time trappers will  
7 decline in relation to pipeline development, increasing  
8 numbers of part-time hunters and trappers should be  
9 able to maintain a position not too radically different  
10 from the status quo.

11 Q Mr. MacLeod, in the  
12 preparation of the Foothills' socio-economic impact  
13 statement, you have had the responsibility of fore-  
14 casting fiscal impact. Would you please define the  
15 scope of your analysis?

16 A I have attempted to  
17 quantify the fiscal revenue streams and identify  
18 potential areas of increased demand on fiscal resources  
19 resulting from the construction of the proposed integrated  
20 hydrocarbon development comprising the gas pipeline,  
21 gas plants and field development activities.

22 Q Have you made any changes  
23 to your original projections?

24 A Yes. I have revised  
25 the basis of my royalty projections and can now provide an  
26 estimate of corporate income taxes payable by the  
27 applicant.

28 As I noted in the impact state-  
29 ment, the provisions for taxing many aspects of the in-  
30 tegrated hydrocarbon development had not been finalized





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1 as of the time of writing and this state of affairs has  
2 not improved significantly since the spring of 1975.

3 Q Would you mind outlining  
4 the basis of your revised royalty projections?

5 A The two variables which  
6 have been modified are the projected wellhead price of  
7 gas and the royalty rates applicable to production.

8 In the original estimates, a  
9 wellhead price of \$0.60/MCF was used. We adopted this  
10 very low price simply for illustrative purposes.

11 In the revised projections, I  
12 have used more realistic prices which resulted from a  
13 comprehensive study of fuel prices prepared by other  
14 consultants retained by the applicant, the conclusions  
15 of which appear in Part 5, Section A of the present  
16 application. As a result of using these escalating  
17 prices, anticipated royalty revenues are about 50%  
18 higher than my original estimate for the first year,  
19 and the divergence of the two series of projections  
20 increases rapidly over the time period under consideration.

21 The Federal Government has re-  
22 cently proposed a new royalty scheme applicable to  
23 northern gas and oil. According to this proposal,  
24 royalties would be comprised of two components: a  
25 minimum base rate of 10% levied on production plus a  
26 second amount, the progressive incremental royalty (PIR)  
27 which would be a function of the profitability of  
28 specific fields. Since I do not as yet possess suffi-  
29 cient data to calculate the profit related component, I  
30 have developed figures for the three production related





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1 rates: 10%, 12.5% and 15%. These percentages would  
2 correspond to a base rate of 10% plus a second component  
3 equal to 0%, 2.5% and 5% of production, respectively.  
4 In the appendix to the proposed regulations, it is  
5 suggested that delta production would be of medium  
6 profitability and from this I conclude that profits  
7 would be high enough for the provisions of the PIR to be  
8 operative. The two base rates in excess of 10% may there-  
9 fore give a rough idea of the effect of additional royalty  
10 payments as production increases, assuming of course  
11 that the latter will entail increases in profitability.  
12 The resulting estimates appear in the appendix of this  
13 testimony as Table XI.

14 I would like to point out that  
15 the project plan calls for the attainment of maximum  
16 anticipated throughput by the sixth year. Minimum  
17 royalties of 10% would probably be applicable to the  
18 limited production of the earlier years, while the PIR  
19 would likely become operative by the sixth year if not  
20 sooner.

21 Q You have suggested that  
22 royalties would be levied on production rather than on  
23 throughput. Is this distinction intentional?

24 A Yes. I would like to  
25 stress that royalties are based essentially on production  
26 and I have no reason to believe that this approach would  
27 differ in the Territories. However, one would expect  
28 production to be more or less equal to throughput and  
29 I suppose that the resulting equivalent figures could  
30 give rise to some confusion. There are two major



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1 conclusions that can be drawn from this distinction.

2 1. It will be the producing companies and not the  
3 applicant who will be subject to these royalty payments.

4 2. And this is far more important, royalty revenues to  
5 Canadian Governments would not be greater should a  
6 larger pipe be built to transport gas produced in other  
7 jurisdictions, such as Alaska, in addition to delta  
8 production.

9 Q Since the applicant will  
10 not be paying royalties, will the pipeline company's  
11 contribution to government revenues be limited to normal  
12 corporate income taxes?



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1  
2 A No, not at all. In my  
3 original submission I mentioned a variety of taxes  
4 which the applicant would be required to pay to the  
5 local, Territorial and Federal Governments.

6 In addition to corporate income  
7 taxes, the applicant will also be subject to quarrying  
8 fees, which will primarily benefit the local governments  
9 which possess taxing powers, and the territorial fuel  
10 tax, all of which have been estimated in the impact  
11 statement filed in May of 1975.

12 THE COMMISSIONER: Excuse me,  
13 Mr. MacLeod. You say,

14 "Quarrying fees will be paid to the local  
15 governments which possess taxing powers."  
16 Are you suggesting they'd be payable to municipal  
17 governments?

18 A Yes. For example, in  
19 Inuvik the local quarry is under administration by  
20 the town, and it's the town which receives the revenues.

21 THE COMMISSIONER: Right, O.K.

22 A Also, no specific right-  
23 of-way lease proposal has been made, but I suspect that  
24 it will likely involve substantial payments. I also  
25 think that this eventual agreement will probably  
26 incorporate some of the specific taxes which I have out-  
27 lined in the impact statement, particularly stumpage  
28 fees and right-of-way taxes. The Territorial and Federal  
29 Governments both have their own provisions for taxing  
30 similar activities, although neither have all-encompassing





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1 legislation. Ultimately these lease payments will  
2 probably be payable to the owners of the land. The  
3 land ownership issue is, of course, still to be resolved.

4 Q Considering the capital  
5 intensive nature of the hydrocarbon industry, would not  
6 the most important tax payable by the applicant, namely  
7 corporate income tax, be indefinitely deferred and there-  
8 fore not contribute to the positive fiscal impact?

9 A In the absence of any  
10 unforeseen additional capital expenditures, the appli-  
11 cant would start paying income taxes by the fourth  
12 year of operations and by the sixth year would  
13 commence paying taxes which were deferred during the first  
14 three years. These projections appear on Table 12 in  
15 the appendix.

16 It might be argued that pipeline  
17 companies operating in Southern Canada have succeeded in  
18 deferring much of their income taxes by continuously  
19 undertaking capital expansion programs. There is gener-  
20 ally much scope and frequent necessity to loop segments  
21 of such systems since they all typically involve numerous  
22 gas gathering and delivery points. In other words,  
23 increased supply and/or demand in parts of the system  
24 will occasion partial looping to increase the capacity  
25 of the affected segments of the system, while leaving  
26 the capacity for the remaining portions constant.

27 Since the applicant's proposal  
28 does not provide for the operation of gathering systems  
29 and will deliver most of the throughput to another  
30 carrier at the southern extremity of the Mackenzie Valley



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1  
2 Pipeline, the only possible significant capital expansion  
3 would involve the looping of the entire system to the  
4 60th Parallel. Such an undertaking is not envisaged  
5 at the present time. Similarly, the possibility of  
6 looping the much smaller community gas laterals is also  
7 remote in view of their planned initial capacity and  
8 prospects for future growth in demand. The effect of  
9 other potential expansion projects, such as increasing  
10 the capacity of compressor stations, should not  
11 significantly alter the tax position of the applicant  
12 in the foreseeable future.

13 Finally, I would like to stress  
14 that the projected tax deferrals of the early years,  
15 and any others which might arise, would be credited to  
16 the customers of the applicant and thereby reduce the  
17 selling price of the gas. These credits would be re-  
18 covered in later years when the deferral of taxes will  
19 cease and become payable by the applicant. In no case  
20 will these amounts be interest-free loans from the  
21 government to the company.

22 Again, with reference to Table  
23 12, I am of the opinion that projections of income taxes  
24 payable by the applicant carry a high degree of certain-  
25 ty. The applicant's activities will be relatively  
26 straightforward in that its operations will be restric-  
27 ted to being a common carrier solely in the Northwest  
28 Territories. Consequently, the sole place of residence  
29 for the corporate tax purposes will be in the impact  
30 region as presently defined.



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1  
2 Q Why have you not prepared a  
3 comprehensive table showing the potential revenue  
4 streams which could accrue to the three levels of  
5 government and possibly to native organizations?

6 A Although I have introduced  
7 new data in the revised tables, the overall revenue  
8 impact remains incomplete and the uncertainties still  
9 surrounding the right-of-way leases and the complexi-  
10 ties associated with the taxation of producers'  
11 profits would only increase the degree of error of all  
12 encompassing projections. In the impact statement and  
13 in the appendix, I have presented enough data to  
14 allow any interested persons to assemble an overall  
15 picture. I think that by forcing the potential analyst  
16 to go through this exercise, he will more fully appre-  
17 ciate the extent of the incompleteness and the diffi-  
18 culties in obtaining precise estimates.

19 Secondly, under existing  
20 legislation, the most substantial sources of fiscal  
21 revenues accrue to the Federal Government, and I do not  
22 think that it would be appropriate to view the total  
23 fiscal impact in this light because current and pending  
24 negotiations between the three levels of government  
25 and native organizations are likely to substantially  
26 modify the division of these revenues.

27 Q Could you briefly enumer-  
28 ate the revenue streams which you have been unable to  
29 quantify but which will nevertheless contribute to the  
30 total fiscal revenue impact?





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A The major deficiencies  
lie in the area of income taxes.

Firstly, I have decided not to include in my tables the estimate of the income taxes payable by the producer companies. The reason for this is that the gas plants will not, to our knowledge, constitute separate legal entities but will simply be operational facilities of integrated interprovincial corporations. Consequently, the production of delta gas will give rise to taxable income in more than one division of each of the producing companies such that taxes resulting from the production of northern gas will be payable in more than one jurisdiction. Furthermore, the tax position of the various operating divisions of these corporations are inter-dependent so that, for example, the anticipated operating losses of the first couple of years in the delta are likely to be used to offset profits earned elsewhere than in the north. Similarly, profits earned in the delta may also be transferred elsewhere.

Secondly, it is almost impossible to determine the incremental amounts which would be payable by the private businesses in the impact region. I would not venture to make even a wild guess at this time.

Last but not least, the effect of pipeline development on personal income taxes would be a little less difficult to assess but would still require major study. The strategic variables in this





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equation include the extent to participation of north-  
erners in pipeline generated employment and the  
general increase of wage levels in the Territories  
resulting from the development proposal. If we could  
answer these two questions with a high degree of accu-  
racy, a reasonably good projection of personal income  
taxes could be made in conjunction with other projections  
made throughout our study.

In general terms, the increments  
in aggregate personal taxes payable in the Territories  
will come from the employment of presently idle  
northerners, and increase in earnings of those already  
employed and the employment of new residents.

Q What do you think that  
the overall impact of these fiscal revenues will be on  
the Territorial Government?

A As I indicated in the  
impact statement, the Territorial administration is  
highly subsidized by the Federal Government. According  
to Table 13, in the appendix, contributions and loans  
from Ottawa account for a fairly constant 75% of the  
Territorial Government's budgetary resources, while  
earned revenue represents only 4.8% of the total.

If we put legislative consider-  
ations aside for a moment and consider only the financial  
flows between the two governments, I think that the pot-  
ential fiscal revenues resulting from the operation of  
a natural gas pipeline raise the very real possibility  
of transforming the chronic territorial deficit, in



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terms of its balance of payments and to a sustainable  
surplus. Unfortunately, a comparison of these  
projected revenues with estimates of government  
expenditures cannot be easily made because of different  
cost escalation and growth factors.



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I have prepared Table XIV in the appendix, which places fiscal revenues in perspective in order to facilitate a meaningful comparison. In this new table, I have discounted to present values all the projected fiscal revenue streams which appear in the two preceding tables, at a rate equal to the sum of the social rate of discount and the Gross National Expenditure price deflator. The hypothesized values attributed to the two components of the overall discount rate are consistent with the values used elsewhere in the present application and are referenced in the tables.

The object of this exercise has been to convert the future tax revenues which in the preceding tables were expressed in the future, that is, current dollar values, into 1975-76 dollars. Consequently any discounted value appearing in Table XIV, might now be compared to Territorial Government budgetary estimates for fiscal '75-76 which appear in the original Table XIII. However, I think that mature years, in terms of capacity pipeline and gas plant operation would provide more meaningful comparisons. For example, in the first year of capacity operation, the discounted value of the total of royalty payments and the applicant's income taxes in the Northwest Territories amount to \$11.6 million as compared to the total estimated Territorial Government expenditures in '75-76 of \$164 million.

Ideally, the current amount of direct federal expenditures of benefit to the residents of the Northwest Territories, over and above federal contributions to the Territorial Government,





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1 should be added to the figure of \$164 million and in order  
2 to assess the overall inter-governmental balance of  
3 payments effect. Unfortunately, we have not been able  
4 to obtain this data. However, it is probable that the  
5 projected gas industry generated incremental revenues  
6 which we have not quantified would adequately offset this  
7 category of federal expenditures.

8  
9 Considering that we have ignored  
10 the producer companies' corporate income taxes, incremen-  
11 tal income taxes payable by individuals and the non-  
12 pipeline private business sector, right-of-way lease  
13 payments and the Territorial fuel tax, I think that I  
14 can conclude that the proposed integrated hydrocarbon  
15 development would transform the chronic deficit position  
16 of the Northwest Territories in its relationship with the  
17 Federal Government into a surplus. In other words,  
18 the aggregate fiscal revenues collected in the Northwest  
19 Territoires should equal, if not exceed, total public  
20 expenditures in that jurisdiction.

21 In further support of this  
22 conclusion, I would add that the potential discounted  
23 present value of producer companies' income taxes payable  
24 in the first year of capacity production could be in  
25 the order of \$130 million. This amount, when added to  
26 our estimate of royalties and the applicant's income  
27 taxes would amount to some \$241 million and should be  
28 sufficient to cover total public expenditures in the  
29 Northwest Territories, including the 1975-76 budget and  
30 direct federal expenditures. Admittedly, this estimate  
of producers' income taxes, which is based upon work done



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1 for the applicant by DataMetrics Limited and appears in  
2 Section 5A of the present application, is fairly  
3 tentative due to the interdependency of the tax position  
4 of the various operating centers of the integrated  
5 producer companies.

6 Finally, I would stress again  
7 that the preceding discussion is primarily concerned  
8 with the intergovernmental balance of payments.

9 Q For the upcoming fiscal  
10 period 1976-77, Territorial Government budgetary  
11 estimates are up 26% over the previous year. If  
12 government expenditures continue to grow at such a rate,  
13 are you sure that hydrocarbon industry generated fiscal  
14 revenues will be sufficient to eliminate the chronic  
15 deficit position?

16 A Probably not. However, I  
17 would stress that the current budget and those in the  
18 foreseeable future will reflect the continued formation  
19 of a government which has only existed since 1967 and the  
20 need to upgrade, and in some cases, provide public services  
21 for the first time. I do not think that this current  
22 high rate of growth of public expenditures can be extra-  
23 polated indefinitely into the future.

24 At the same time, the present  
25 values of the projected fiscal revenues as shown in  
26 Table XIV tend to be understated in that the rate of  
27 inflation included in the overall discount rate exceeds  
28 some of the rates of cost escalation which were used in  
29 the corporate income tax and royalty forecasts.

30 Briefly then, government revenues



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1 are likely to moderate while future revenues may  
2 exceed our projections.

3 Q In the absense of sustained  
4 increases in public expenditure by the Government of the  
5 Northwest Territories, would hydrocarbon industry induced  
6 revenues necessarily eliminate the Territorial Govern-  
7 ment's chronic deficit position?

8 A This would depend upon the  
9 eventual conclusion of a revenue sharing agreement with  
10 Ottawa. Under present arrangements, all royalties would  
11 accrue to the Federal Government as would income taxes  
12 collected in the Territories. These will be the sources  
13 of the most significant potential increases in government  
14 revenues in the Northwest Territories.

15 Q Surely additional  
16 public expenditures will have to be incurred in order  
17 to reap the revenues which you have projected?

18 A Yes. This is certainly  
19 true. But I think that the increase in public expendi-  
20 tures necessitated by pipeline development will be  
21 moderate in relation to the high rate of increase being  
22 incurred at present, and in the current process of up-  
23 grading and expanding the existing infrastructure.  
24 Actually, I think that the provision of additional  
25 capacity to meet the incremental demand created by  
26 development in the course of the general upgrading  
27 program should entail lower marginal costs than if new  
28 capacity had to be added to an otherwise satisfactory  
29 infrastructure.

30 Overall, I believe that the





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1 pipeline development will serve as a catalyst in this  
2 badly needed upgrading process and will allow it to  
3 proceed with minimal encumbrances, rather than impose  
4 a significant and costly burden on the existing inadequate  
5 infrastructure. I think that views to the  
6 contrary are probably predicated on excessively high  
7 and unrealistic population projections.

8 Q Could you specify some of  
9 the potential impact areas in terms of incremental cost?

10 A In the Federal and  
11 Territorial fields of responsibility lie medical  
12 services, education, roads and social services, just  
13 to mention the more important.

14 With respect to the first, I  
15 have been informed by the competent authorities that  
16 there is probably enough unused capacity in the Inuvik  
17 Hospital to meet all the requirements of the entire  
18 valley during the construction phase which would also  
19 be the peak period of demand. Since the physical plant  
20 is more than adequate, the incremental cost would involve  
21 the hiring of additional personnel. It is also my  
22 understanding that the hospital in Fort Simpson is  
23 underutilized due to staff shortages.

24 Subject to some qualifications,  
25 similar conditions exist within the education sector  
26 although very little impact should be expected at all  
27 during the construction phase. Additional high school  
28 classroom capacity will soon be needed in Inuvik and the  
29 extension which is already planned for 1977 should be able  
30 to meet both current requirements and increased demand





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1 generated in the pipeline operations and maintenance  
2 phase.

3 In Norman Wells, development  
4 will necessitate the development of a couple more  
5 classrooms and this need could be met by using portable  
6 units a surplus of which already exists elsewhere in the  
7 region.

8 Educational facilities in Fort  
9 Simpson appear <sup>adequate</sup>, although the eventual need for a  
10 high school is occasionally suggested. In general, I  
11 think that the arguments for additional capacity in this  
12 community are based on excessively high population pro-  
13 jections. The capability of the existing school extends  
14 to grade ten and as the student population gradually  
15 shifts from the elementary to the secondary level, the  
16 remaining grades may be added by means of a modification  
17 of capacity allocation with or without building extensions,  
18 while avoiding the construction of a second school.  
19 However, I do not think that the pipeline itself will  
20 have much bearing upon this evolutionary process.

21 Briefly then, the main  
22 incremental cost in the education sector will involve the  
23 hiring of additional staff.

24 Throughout the construction  
25 phase, extensive use of the highway system will undoubt-  
26 edly result in much wear and tear and increased maintenance  
27 costs. However, I think that much if not all of these  
28 costs could be offset by the very substantial increases  
29 in revenues from the vehicle licensing fees and fuel  
30 taxes. The increase in the latter alone is estimated to



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1 exceed \$4 million in each of the two peak construction  
2 years. This is a lot of money to serve relatively  
3 few miles of road.

4                   Within the vast area of social  
5 services, I think that the transient represent the  
6 greatest potential cost impact. However, for reasons  
7 cited earlier, this problem is likely to be a lot less  
8 serious here than it has been in Alaska.  
9



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1 Q What about the fiscal  
2 impact at the community level?

3 A As I have said earlier,  
4 most settlements should not be noticeably affected. On  
5 the other hand, Inuvik, Norman Wells and Fort Simpson  
6 will be relatively high impact centers in both the  
7 construction and operation phases. I would also expect  
8 increased activity in Hay River, particularly in the con-  
9 struction phase.

10 I do not hesitate to say that  
11 while most of the pipeline generated fiscal revenues  
12 will accrue to the Territorial and federal governments  
13 given existing arrangements, a disproportionately high  
14 demand for public services will be at the local government  
15 level.

16 The burden of response to this  
17 additional demand in the fiscal capabilities to respond  
18 depend upon the category of status of the particular  
19 local government. These distinctions have been most  
20 adequately described elsewhere, notably by Gemini North  
21 Limited and few changes have occurred since then although  
22 the government of the Northwest Territories is gradually  
23 increasing the autonomy of local governments. Accordingly  
24 I will avoid needless repetition.

25 The settlements possess neither  
26 taxing powers nor significant spending authority and  
27 operate on grants provided by the Territorial Government.  
28 Consequently, the limited incremental financial costs  
29 which we see for these communities will have to be borne  
30 by the government of the Northwest Territories.





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1 Norman Wells, a high impact  
2 center, is presently a settlement but is likely to become  
3 a hamlet in the near future. At that time, it will be  
4 able to set its own budget within guidelines established  
5 by Territorial government and would be able to levy  
6 community service charges, permits, licence fees and  
7 fines. Further into the future, the increased population  
8 which we have projected would enable this community to  
9 rise to village status and thereby enlarge its taxing  
10 authority to comprise property assessments. Fort Simpson  
11 is already a village and its revenue sources and spending  
12 authority are similar to that of towns such as Inuvik and  
13 Hay River.

14 Q Could you identify the more  
15 important areas of potential cost increases at the municipi-  
16 pal level?

17 A Yes. But in order to  
18 minimize repetition, I would prefer to limit some of my  
19 comments on fiscal impact to Inuvik. This would be the  
20 highest impact center and also has all the potential  
21 points of repercussion that one might expect to find in  
22 Fort Simpson and Norman Wells.

23 Being a resident of Inuvik, my  
24 greater familiarity with current and anticipated problems  
25 there should enhance the validity of my observations and  
26 conclusions and still permit generalizations applicable  
27 to the rest of the valley.

28 Hydrocarbon industry development  
29 can be expected to create significant incremental demand  
30 for utilities, road extensions, serviced land and



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recreational facilities.

Recent discussions with the town of Inuvik officials confirm the view that existing drinking water and sewage system capabilities could easily accommodate the increased demand resulting from the realization of even our maximum population growth projections, with some capacity to spare. Some interest has been expressed from time to time in constructing a sewage treatment plant which, at this time, would cost approximately six million dollars and entail substantial operating costs. At the same time, we note considerable criticism of the Inuvik sewage lagoon, based on its potential for cumulative environmental effects and its undesirability from the social point of view. For these reasons, we are not prepared to rule out the possible eventual need to construct a sewage treatment facility.

The increased demand for public utilities will be reflected mainly in the need to construct new lots, -- to connect new lots to the existing network. The entire cost of trunkline extensions is normally assumed by the federal government while lateral lines are financed at the municipal level. This latter responsibility is essentially of an interim nature since amounts expended are recovered in the selling price of the serviced lots.

Street extensions are financed on a 50 -50 basis by the Territorial and municipal governments. In principle, the local government ultimately recovers its outlays from both property taxes and the original sellprice of the lots.



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1                   The vital link in the capacity to  
2 accommodate growth lies in the availability of serviced  
3 land. In the Inuvik vicinity, land is plentiful but in  
4 many cases is not immediately usable. The most expensive  
5 element in land servicing is the filling in of the lot  
6 with gravel. Since the lots requiring the least fill  
7 are the least costly, they have rapidly diminished in  
8 number such that additional fully serviced lots can only  
9 be made available at much higher costs. Moreover, it is  
10 believed that these costs will become so high as to  
11 make property ownership inaccessible to most potential  
12 buyers.

13                   Finally, the dire need for  
14 additional recreational facilities in most of the valley  
15 communities has been stressed on numerous occasions and  
16 will be intensified by demographic growth.

17                   Briefly then, it can be concluded  
18 that, in general, the local governments in the corridor  
19 will require:

- 20 1. Assistance in the interim financing of water and  
21 sewage lateral distribution systems and street exten-  
22 sions.
- 23 2. Additional revenues to increase the availability of  
24 serviced land in order to restrain the escalation of  
25 property costs; and,
- 26 3. Resources to meet the increasing demand for recrea-  
27 tional outlets.

28                   There are, of course, other areas  
29 of cost impact, such as police and fire protection services,  
30 but we believe that the incremental effects will be





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1 relatively small since the basic structures are already  
2 established.

3 Q Wouldn't the proposed  
4 integrated hydrocarbon development also give rise to  
5 incremental revenues at the local level?

6 A Yes. The two most important  
7 sources will be property taxes and quarrying fees.

8 In the corridor communities, much  
9 of the real estate is government owned and includes both  
10 civil service and public housing. There are very few  
11 private ratepayers with the result that the bulk of the  
12 revenues, for the town of Inuvik, come from government  
13 grants in lieu of taxes which are determined by negotiation  
14 and limit the town's fiscal autonomy. I have decided to  
15 delete the rest of that paragraph because of a change  
16 in a Territorial ordinance, which has reduced a lot of  
17 the impact there.

18 The policy of the applicant to  
19 provide employee housing within the high impact communities  
20 during the operations phase will undoubtedly have the  
21 effect of increasing the rate base and hence the  
22 borrowing capacity of these communities.

23 Nevertheless, I would like to  
24 point out that if the applicant's home ownership policy  
25 is successful, the effect of this policy on property  
26 tax revenues in Inuvik would be limited since the town  
27 offers a partial tax rebate to all home owner-occupants.  
28 Accordingly, the greatest proportion of the increase in  
29 property tax revenues would probably be derived from  
30 residential property owned by non-occupant and commercial





and industrial property.

Since the applicant will undertake to supply gas to the valley communities, a portion of the lateral lines and all distribution lines which lie within municipal boundaries, and therefore be included in the municipalities taxable assessment. The magnitude of the fiscal benefits of this factor will depend on whether the distribution of gas will be assumed by private or public corporation.

With respect to a second major potential source of incremental revenue, I noted in the impact statement that in the Inuvik vicinity, quarry management has been transferred to the town and that similar arrangements are envisaged for other towns in the Territories, however these quarrying fees are a source of both controversy and substantial revenue. The controversy relates to the higher fees, as opposed to the previous Territorial rates, the repercussions on the cost of local land fill, and the relative scarcity of this non-renewable resource. There will be a temptation for the municipalities to maximize revenues from this source while, at the same time, they are very conscious to retain sufficient reserves to meet current and future local gravel requirements. Regulations may be required to ensure fulfillment of the second objective.

Q Do you believe that these incremental revenues will at least equal the potential envisaged costs?

A This is a difficult question to answer and avoids an essential aspect of the



1 problem. The individual municipalities will expand their  
2 services to the extent permitted by the additional  
3 revenues that I have just described. However, it is most  
4 unlikely that the resulting improvements and additions will  
5 be consistent, in terms of both quality and quantity with  
6 the magnitude of overall benefits created by development.  
7 It is really a matter of equitable sharing of wealth  
8 among the three levels of government.

9 Q Do you have any idea how  
10 a more equitable portion of this wealth might be obtained  
11 by the municipalities?

12 A An approach which has been  
13 getting much popularity in the delta involves the assess-  
14 ment of physical hydrocarbon industry assets, such as  
15 pipelines, compressor stations and gas plants for property  
16 tax purposes or the neighbouring communities, which have  
17 such taxing authority. This could be accomplished by  
18 the extension of existing municipal boundaries or by some  
19 revenue sharing agreement with a higher level of govern-  
20 ment. The underlying philosophy of this approach is that  
21 the bulk of the physical assets of the industry will be  
22 located outside of the towns in which most of the  
23 incremental fiscal costs will be incurred.



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

MR. HOLLINGWORTH: Mr.

Commissioner, that completes the evidence in chief of the first panel. The prepared evidence along with the panel's qualifications and the appendices that has been filed with the Inquiry has to be made an exhibit. This panel is available for cross-examination.

MR. SCOTT: Mr. Carter?

MR. CARTER: I have no questions.

MR. SCOTT: Mr. Reesor?

CROSS-EXAMINATION BY MR. REESOR:

Q Mr. Ellwood, you state that the plan would be to, as much as possible, avoid using existing airports, but the routing of your personnel through existing M.O.T. airports close to communities would require then for the personnel to be taken directly out to the camps.

MR. HOLLINGWORTH: Would you identify where Mr. Ellwood is to look.

MR. REESOR: I'm sorry, it's page 6 of the presentation.

MR. HOLLINGWORTH: You say that he mentions avoidance of use of existing airports?

MR. REESOR: No, no, he mentions the use of existing airports.

MR. HOLLINGWORTH: I'm sorry.

MR. REESOR: Point No. 1 there, half-way down the page,





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"The existing airports at Fort Simpson, Norman Wells, and Inuvik will be utilized as points of arrival and departure from and to the worker's home location,"

etc. Do you anticipate any requirement for additional facilities or additional personnel at the airport to handle the increased traffic?

WITNESS ELLWOOD: I would anticipate that we will need some facilities there in the way of a hold-over location, if you will, for personnel and for the goods that are moving through there as well. At this time we don't have any estimate on what is required in the way of a building size or that sort of thing.

Q But you do have an idea of the sort of volume that will have to be handled?

A Yes, I suppose there are three airports here through which we're moving people. We have some 6,000 people to move through there in the startup and shutdown periods of the pipeline. That gives you some idea of 2,000 per airport, I suppose.

Q And have you had any discussions with M.O.T. on this?

A No.

Q Or the preparation of this?

A No.

Q Now you mentioned Fort Simpson, Norman Wells and Inuvik. I assume that leaving



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 out Hay River wasn't a mistake. I assume that the effort  
3 there will be from the increased barge traffic.

4 A Barge traffic and rail and  
5 truck traffic.

6 Q Yes, and of course there  
7 will be an existing staff maintained in Hay River. Is  
8 this correct?

9 A That's correct, during  
10 the construction phase only.

11 Q Yes. In Fort Simpson,  
12 similarly there will be staff related to trans-shipments,  
13 barging and so on?

14 A That's right.

15 Q Will there be camps  
16 nearby that will hold large numbers of personnel? I'm  
17 referring to the isolated camps you referred to.

18 A At Hay River we would  
19 propose to put the -- to house the people at the staging  
20 site out near Enterprise. In Fort Simpson we are  
21 proposing to go immediately into some longer-term  
22 housing project there for those people. There are only  
23 a relatively few involved.

24 Q I'm referring to the  
25 spread camp facilities in the Fort Simpson area. First  
26 of all, let's start this way. Are there, the so-called  
27 isolated camps, any of these in the Fort Simpson area  
28 during the construction phase?

29 A Yes, there's one on the  
30 south side of the river or south-west side of the river



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

right near the point where the line crosses the river.

Q What contact, if any, will there be with the community in terms of transportation of facilities?

A The personnel from that camp will be taken into Fort Simpson, firstly they will come through Fort Simpson on the way to the camp, then they will go back to Fort Simpson on their way out.

Q But just through the airport?

A That's correct.

Q Is it a similar contact as far as Norman Wells goes?

A Yes. The closest camp to Norman Wells is to the north, I believe, about ten miles.

Q Are there roads connecting Norman Wells with the camp at all?

A We use a winter road.

Q And I assume, do I correctly, that a similar situation exists with Inuvik?

A That's correct, yes.

Q A camp connected with Inuvik by a road.

A Right. I should add there, Mr. Reesor, that these -- you have just mentioned one camp here. These airports would serve more than one camp.

Q Yes. Well, the more than



2 one camp, would they all be connected with a road? I'm  
3 thinking here of the opportunity for contact with the  
4 community, obviously.

5 A The winter road will be  
6 there and will be open as part of our project. Some of  
7 these camps we intend to use a winter road for heavier  
8 material and we'll fly the people in and out.

9 Q You go on to state in  
10 the point 4 there,

11 "Casual transportation would not be made available  
12 to<sup>any of</sup> the construction camp workers for any purpose."  
13 Would this include residents of nearby communities that  
14 , might be working in that camp?

15 A Yes, it would.

16 Q On page 10, you said you  
17 would make no differentiation between resident versus  
18 non-resident employees for purposes of housing and  
19 related subsidies.

20 A Yes.

21 Q I bring up this matter  
22 because as you may be aware, the Territorial and Federal  
23 Government are having difficulty in getting out of the  
24 rental housing business. If I as a resident owned my  
25 own home in Fort Simpson, say, and I was hired on  
26 with Foothills, would Foothills accommodation be made  
27 available?





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 A If you wanted it,  
2 alternately you would receive some compensation and  
3 of the equivalent of what it would cost the company  
4 to provide you with our own facility, our own house.

5 Q I could turn around and  
6 rent my house out to somebody else? That would be  
7 correct?

8 A I think we would discourage  
9 that. But I suspect you could do such a thing, yes.

10 Q On page 11, you get into  
11 the business of claims for damages. What sort of  
12 damage do you envisage? Are you talking about damage  
13 outside of communities or inside of communities? Where  
14 would -- give me some examples of what you might be  
15 referring to here.

16 A The matter of loss of  
17 production from the land that the Commissioner brought  
18 up with me this morning is one -- I  
19 would suppose an occasion might arise. I'm thinking  
20 here now of Hay River where perhaps some of our  
21 construction activity or some spinoff from that --  
22 some trucking arrangement might accidentally cause damage  
23 to someone's property or so on in Hay River.

24 Q Right. Continuing on in  
25 that vein, on page 12 you discuss the possibility of  
26 establishing an arbitration board on which:

27 "One member appointed by an organization such as  
28 the local Hunters and Trappers Association or band  
29 council, also a pipeline member and a third member  
30 appointed by those two members."



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

Do you mean that those would be the firm criteria for the members of the committee. Or are you here implicitly saying that if <sup>it</sup> was say damage to a trapline then that might be the composition. I'm referring here to the fact that you might find that an individual that had a claim against Foothills might not feel that he was adequately represented by any members in that board.

A Yes, I indicated that this was an organization "such as" or "for example", that that particular structure would apply to a hunting and trapping situation rather than a, say a trucking accident in somebody's yard in Inuvik.

Q So is it true that you're saying that the second member of the board then would be essentially appointed by the grieved party?

A Yes. The way we do this in Alberta is to have the claimant appoint a member to the arbitration board -- the pipeline company another and those two to pick a third. It's my feeling that in the situation with regards to hunting and trapping and claims in that area, that this might be best dealt with rather than through the individual trapper or hunter having to appoint somebody to do this in a more systematized way through his organization. But certainly in the case of an individual claimant with somebody in Inuvik or Hay River, it would be fine with us to have them personally appoint the member of the arbitration board.

Q Yes. Ms. Jensen, if we could go on with you, at page 15 you refer to the phasing in of the Foothills ultimate housing requirements. We



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 saw the other day some charts indicating at least the  
2 concept or an indication of what the phasing in of the  
3 Arctic Gas requirements might entail. Do you have any  
4 details along those lines? What sort of square footage  
5 over what period of time you might be looking at?

6 WITNESS JENSEN: No, we never  
7 did those projections.

8 Q Would it be fair to say  
9 though that the same sort of concept for basic to that  
10 detailed information that came across on the Arctic Gas  
11 graph is correct from your point of view?

12 A Yes, I would.

13 Q You also go on in the  
14 same page to suggest that the pattern of transient  
15 residency is reinforced by the provision of subsidized  
16 rental accommodation. Is this to imply that Foothills  
17 is talking about no rental subsidy or how does this tie  
18 into Mr. Ellwood's comments about housing provision?

19 A Well by making it as  
20 attractive to own as opposed to rent from the company,  
21 we would hope that people would decide to settle here  
22 permanently and not consider coming north as a working  
23 holiday.

24 Q Are you suggesting an  
25 incentive for home ownership without subsidization?

26 A No, it would be with  
27 subsidization.

28 Q So there would be a subsidy  
29 for the individual regardless of whether it's owned.

30 A But he would be responsible





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 for his own home.

2 Q Yes.

3 WITNESS BURRELL: I think the  
4 point here is is that we would make it at least as attrac-  
5 tive to own your own home as it would be to rent. That's  
6 the object of our home ownership program.

7 WITNESS JENSEN: So that you'd  
8 have a commitment to living in the north as opposed to  
9 just, as I said before, being here on a working holiday.

10 Q Have you thought about or  
11 discussed at all that the possible details of how you  
12 would encourage home ownership over rental accommodation?

13 WITNESS BURRELL: Well as  
14 Mr. Ellwood mentioned that we hadn't addressed a particular  
15 policy or developed a particular policy but we understand  
16 that Westcoast, one of our sponsor companies, has such a  
17 plan in effect in Fort Nelson where they make interest  
18 free loans available to their employees. These loans  
19 are forgiven over a number of years. The longer the  
20 employee stays with Westcoast, the more of the loan  
21 is forgiven. I mean that's one way of doing it. I am  
22 sure there are other ways. But it is something that our  
23 sponsor company has done in Fort Nelson.

24 Q I see, also in the way of  
25 home ownership on page 16, you round out your discussion  
26 by suggesting that your home ownership policy that you're  
27 discussing is in accord with policies recently introduced  
28 by the N.W.T. Housing Corporation. I wonder if I could  
29 get some details or information on what these policies are?

30 WITNESS JENSEN: Well, the grant



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 system to facilitate home ownership. Also we talked  
2 about the possibility of subsidizing home operations  
3 costs.  
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Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 Q Do you know what  
3 publications they've put out on this?

4 A It was a publication that  
5 I received from the N.W.T. Housing Corporation. I can't  
6 give you the exact title, but I have it upstairs. If  
7 you'd like, I'll give you the exact reference.

8 Q Yes, if you could.  
9 On the same page, page 16, you discuss the matter of  
10 trying to dissuade speculative transients from coming  
11 into the north. That's your multi-media campaign.  
12 What concerns me about this is something that's come  
13 up in the last few days several times, but it appears  
14 to me perhaps it's contrary to the whole drift of the  
15 Federal Government's travel program, the Travel Arctic,  
16 Chambers of Commerce, various groups and organizations  
17 have been in fact attempting to get people up here, via  
18 tours as well as individuals to set up businesses that  
19 are needed. How does this fit into that at all?

20 A If you'd like my own  
21 personal opinion?

22 Q Absolutely.

23 A I think in order to  
24 preserve the integrity of the north, the Mackenzie  
25 District in particular, during the construction, all  
26 these types of activities should be discouraged.

27 Q Which activities?

28 A The tourist promotion,  
29 the whole bit. I think during the construction phase  
30 these things should be discouraged.



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 Q Is there not going to be  
3 an increased demand, produced through -- an induced  
4 demand as a result of pipeline construction that might  
5 require increased services or increased personnel to  
6 provide these services?

7 A In our planning we don't  
8 foresee that many people actually coming into the  
9 Territories that would increase the demand for goods  
10 and services.

11 Q Sorry, I didn't get the  
12 last part.

13 A We don't see in our  
14 planning and our research, the way we looked at it is  
15 we do not foresee significant population increases that  
16 would increase the demand for goods and services locally.

17 Q So you're suggesting that  
18 the present capacity would be able to take care of  
19 any increased demand there might be?

20 A In the foreseeable  
21 future. What would happen after construction and when  
22 the north would resume its normal growth development,  
23 I'm sure that you'd see increased demand, and I'm sure  
24 you'd see a lot more tourists come in. But I just think  
25 during construction that the north should really be  
26 closed tight.

27 WITNESS ELLWOOD: Mr. Reesor,  
28 may I add to that? I just want to make it clear that  
29 what we are proposing to do during this period is to  
30 advertise in the south to discourage those people who





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 may be coming into Yellowknife or Hay River looking for  
3 a job on the pipeline, we intend to do that by informing  
4 them that they must go to Edmonton or Vancouver perhaps  
5 to get those jobs, that in fact they can't find that  
6 employment here. That's the extent of the campaign  
7 we are now planning.

8 Q Well, it refers to  
9 discouraging speculative transients.

10 A Speculative transients  
11 there refers to those people who come here looking  
12 for a job on speculation. They don't have one when  
13 they come up. They're coming up to look for one. What  
14 we intend to point out to them is that we are not  
15 hiring here. We are hiring in Edmonton.

16 Q I see.

17 WITNESS BURRELL: I think that  
18 a little more detail in  
19 matter will be dealt with in our Panel 2 presentation.

20 Q On page 18 you finish off  
21 saying:

22 "With Foothills' stated intention of making home  
23 ownership at least as attractive as renting,  
24 there is the possibility that the present ratio  
25 in the Northwest Territories of only 10% owner-  
26 occupied dwellings to 90% tenant occupied  
27 dwellings could begin to shift towards the  
28 Canadian average."

29 Would there be an equal chance that it might in fact  
30 shift away from the Canadian average, the fact that  
Foothills' personnel are such a small component of



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 the number of people in the communities, from the figures  
3 I've seen. Would it <sup>really</sup> have any impact at all in which  
4 direction the shift might go, or in fact it could  
5 continue to stay at the 90% tenant --

6 WITNESS JENSEN: This takes into  
7 account the policies of the Northwest Territories  
8 Housing Corporation, the policies of the local housing  
9 associations, the new policies formulated by the  
10 Territorial Government in Yellowknife with regard to  
11 encouraging government employees to buy their own  
12 homes.

13 Q So if these policies are  
14 effective in doing what they should do, then in fact  
15 your statement --

16 A It's a multi-faceted approach.

17 Q On page 21 you discuss  
18 infant mortality rate, dysentery and hepatitis,  
19 I suppose you are advising us that they are higher in  
20 the N.W.T. than they are for the Canadian average. I  
21 wonder, do you have the figures or any idea what the  
22 figures might be in the larger communities?

23 A No, I do not have those  
24 specific figures. I could get them.

25 THE COMMISSIONER: Ms. Jensen,  
26 the figures reflect the incidence of those occurrences  
27 and diseases among the native population essentially.

28 A Essentially, yes, and  
29 the unserviced communities.

30 Q And do you know how those



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 rates compare to the native population in Southern Canada?

3 A No, I do not.

4 Q Would you say that among  
5 the white population in places like Yellowknife and  
6 Inuvik, the incidence of infant mortality and hepatitis  
7 is likely no different from the incidence in Vancouver  
8 and so on?

9 A I would think it would  
10 be greater because of the numbers of people who live  
11 in unserviced housing in these areas.

12 THE COMMISSIONER: Right.

13 MR. REESOR: Q How would these  
14 modular sewage and water treatment facilities you envision  
15 tie in with existing services? Have you gone as far as  
16 to see the details in this area? What I am thinking is  
17 perhaps here you might be talking of outside of  
18 municipalities, whereas previously discussed probably  
19 the rates might be higher.

20 A I'd like to defer that  
21 to Mr. Ellwood.

22 WITNESS ELLWOOD: You're asking  
23 have we gone far enough in our plans to know how these  
24 systems would tie into the existing systems?

25 Q Yes, <sup>since</sup> in the municipalities  
26 where you will have prime contact with the residents or  
27 prime locations of your facilities. There are largely  
28 existing pipe, water and sewage services, and where  
29 there are not, there are a scheduled sewage pickup and  
30 water delivery. I wonder, given such existing systems,





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 how a modular sewage treatment and water system would-  
3 tie in.  
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Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 A We haven't done any  
2 specific planning on that. The idea was that, to indicate  
3 that these systems are available at the end of construction.

4 Q What I'm getting at is  
5 how effective a modular sewage and water treatment  
6 facility might be in those places that you actually have  
7 your facilities. In other words, major municipalities.

8 A How effective they might  
9 be? Well, they're very effective. They're highly  
10 efficient systems in terms of what they're designed  
11 to do, which is to clear up the sewage.

12 Q Well, what I'm suggesting  
13 is, in light of the fact, that there are existing systems  
14 in most locations throughout these communities, in fact  
15 these might not be required and I wondered if you have  
16 sat down on a community by community basis and specifically  
17 looked at where the requirements might be?

18 A Well, we haven't, but we  
19 are not restricting the availability of these to those  
20 operating centers where we will be locating. They are  
21 generally available to communities in the Northwest  
22 Territories, not just to Inuvik, Norman Wells and Simpson.

23 Q Did you want to say some-  
24 thing Mr. Burrell?

25 WITNESS BURRELL: I was going  
26 to say, basically what Mr. Ellwood said and that's the point  
27 that they are available -- would be available to all  
28 communities, not just the major communities in which we  
29 would be locating our facilities.

Q On what basis?



Burrell, Jensen,  
Ellwood, Macleod  
Cross-Exam by Reesor

1 A On what basis would they  
2 be made available?

3 Q Free? Free to the communities  
4 in the Mackenzie Valley?

5 A Well, the way we're looking  
6 at it is that if the communities have a use for them and  
7 they can be properly utilized in the community, yes, we'll  
8 make them available to the communities at our construction  
9 site and they are available there at no charge  
10 to them.

11 THE COMMISSIONER: You give  
12 it to them.

13 A Yes, that's right.

14 MR. REESOR: Thank you.

15 Well, that leads into you Mr.  
16 Burrell. Page 41.

17 Now, we get into the matter of  
18 gas supply to communities. You suggest that under your  
19 plan that excess gas -- that gas supply would be made  
20 available to commercial and residential users and that  
21 anything excess would go to industrial consumers. I'm  
22 wondering, when you say industrial consumers are you  
23 talking about industrial plants or houses owned by  
24 industries?

25 As an example let's take Pine  
26 Point. Most of the housing there is owned by the mine,  
27 and would it be correct that the mine would be classed  
28 as an industrial user.

29 A That's correct, the mine.

30 Q Now, would the gas be



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 available to those houses in that community, even though  
2 they're owned by the mine?

3 A That's the intent, yes.

4 Q So, even though the  
5 requirement for energy in Pine Point as such is quite  
6 high, that the amount of gas available would be somewhat  
7 less, would just serve the small number of commercial  
8 enterprises as well as a small number of residential.

9 A No, I think we're saying  
10 that the prime emphasis of this programme is to provide  
11 lower energy costs to the residential and commercial  
12 consumers, but that there is spare capacity available  
13 in these lateral lines and that spare capacity that is  
14 there would be available to the industrial customers.

15 What we are saying is that the  
16 residential and commercial customers have first priority  
17 and once the capacity of those laterals is exceeded and  
18 that looping is required in order to increase capacity,  
19 then the cost of providing the additional loop facilities  
20 would be rolled in with the cost to the industrial  
21 consumer.

22 Q Why do you exempt industrial  
23 users?

24 A Well, the -- it's very  
25 difficult to really know what the gas load of an industrial  
26 consumer is going to be until you know what the process  
27 is and we're talking, not only of the existing industrial  
28 customers here, but also customers -- or industrial  
29 plants that could come on in the future and really, the  
30 future plants, we have no indication at all of what the





1 load might be and it may be very, very significant, it  
2 may be a long distance from the line. What we're saying  
3 is that each industrial customer has to be looked at in  
4 its own merit.

5 THE COMMISSIONER: Mr. Burrell,  
6 did I misunderstand you? I thought you said that industrial  
7 users will have to pay for the actual cost once you  
8 begin looping, but so far as the capacity of the first  
9 pipeline is concerned, they achieve the same savings  
10 as residential and commercial users. Did I --

11 A That's correct.

12 Q All right. So it's once  
13 you begin looping that industrial users --

14 A It's once you have to start  
15 adding facilities over and above your initial installation.

16 Q Right. Yes.

17 MR. REESOR: So, as a result  
18 of the looping, would you not get into a situation where  
19 the industrial users are actually subsidizing the  
20 commercial and residential users? Where the commercial  
21 and residential users would be paying really less than  
22 they should if they were paying the whole shot and the  
23 industrial users were paying that portion of the commercial  
24 and residential users should be paying.

25 A No, I think the industrial  
26 users would still benefit because there would only be  
27 sufficient facilities added to ensure the increased  
28 deliveries required for the industrial customer and that  
29 would only be in the larger lateral, say, through  
30 Yellowknife that could be only a part of the system. So,



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 I'd say no to your question, really.

THE COMMISSIONER:

2 Q But to the extent that,  
3 spare capacity in the first line to be built can accommo-  
4 date industrial users, they will achieve the same savings  
5 as residential and commercial users.

6 A Yes, that's correct.

7 MR. REESOR: And as soon as  
8 a looping results, then they pay for that additional  
9 cost that's incurred.

10 A That's correct. The  
11 incremental cost of the looping would be rolled into  
12 the industrial gas users price per MCF.

13 Q While commercial and  
14 residential users pay the same as they did before though.

15 A Yes, yes. There'd be  
16 no -- nothing added to the residential, commercial.

17 Q Is this situation similar  
18 to that found, say, with TransCanada pipe? You gave  
19 an example, how they provided gas to their communities  
20 around the countryside.

21 A Well, TransCanada, they  
22 go on a load factor basis and generally, on that basis,  
23 the industrial customer tends to get a lower price gas.

24 What we're saying here is that  
25 the residential and commercial customer should get the  
26 lower cost gas and we're just reversing the situation,  
27 really.

28 Q Would you say --

29 A When you involve the looping.

30 Q Of course. Would you say in



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 southern Canada, is there a rule of thumb about how this  
2 situation is approached in terms of supplying gas to  
3 communities along the way?  
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Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1                   A     Certainly on a load factor  
2 basis. The higher your load factor of course, the  
3 lower cost your gas is because you are utilizing your  
4 facilities to a greater extent. I think the tendency  
5 now in the south is to have a harder look at what the  
6 end use of the gas is, so that perhaps you can become  
7 more selective in how it is utilized. That may result  
8 in certain industries paying more money for gas than they  
9 are now because it may be deemed that that particular  
10 end use for gas is not the best end use. Perhaps coal  
11 would have been a better application. So they might  
12 tend to discourage natural gas in those particular  
13 applications.

14                   THE COMMISSIONER: Excuse me  
15 Mr. Reesor, these are very good questions you're  
16 putting. I just want to make sure that I don't forget  
17 the points that I am concerned about as we go along.

18                   Is this deal that you're  
19 offering residential and commercial users in the north,  
20 assuming it were approved by the National Energy Board --

21                   A     Correct.

22                   Q     Is it a deal that would be  
23 unique in Canada and the United States as well as far  
24 as you know, to have the users on the mainline subsidize  
25 the users who live in the area where the resource is  
26 extracted? Do you know of this arrangement being made  
27 anywhere?

28                   A     Well, I related it to the  
29 Trans Canada situation in a sense that the eastern  
30 zone of Trans Canada, as I understand, the same price



Burrell, Jensen  
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1 for gas at a given load factor applies right from  
2 Toronto through to Montreal. That includes the Ottawa  
3 leg, so that if you were to do it on an actual fair share  
4 cost of service, the cost of gas to Montreal should be  
5 higher than it is in Toronto. So, I think there is a  
6 parallel there between what we're proposing and what  
7 TransCanada in fact are doing currently in eastern  
8 Canada.

9  
10 Q Right. Yes, go ahead Mr.  
11 Reesor.

12 MR. REESOR: On page 43, just  
13 one small point. Just in the answer to the question  
14 number 65, you state that:

15 "Individual communities would have the option to  
16 decide on whether or not they wished gas services."  
17 Under which circumstances might you think that they  
18 would refuse it?

19 A Honestly, I can't think  
20 of any, but it's possible that if a survey was taken of  
21 the community and it turned out that virtually few  
22 people wanted the natural gas, then of course, you  
23 wouldn't put it in.

24 Q Fine. I couldn't think  
25 of any either. On page 44, the criterion that you follow  
26 for deciding which communities should have lateral  
27 lines or not, is a capital investment of less than  
28 \$25/MCF. If in fact the capital contribution that was  
29 required for the lateral is greater than \$25/MCF and  
30 you take that figure and amortize it over five years, for  
example, or some period of time, I am wondering if there



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1 is any community that's still uneconomic in terms of  
2 other fuels. In other words, if you were to take the  
3 difference between \$25/MCF that's going to cost you to  
4 put a lateral line in and the actual cost, say it's  
5 \$30. You have an amount that has to be contributed  
6 by the community if they want to have gas service. Is  
7 that correct?

8 A Yes.

9 Q Now, if that amount say  
10 was amortized over a period that pipelines are normally  
11 amortized over, which is --

12 WITNESS ELLWOOD: 15 to 20  
13 years, sir.

14 Q Now if you amortize that  
15 amount over 15 or 20 years, would you find -- put that  
16 into the cost of supplying gas -- would you find that  
17 there is any community left over that wasn't economic  
18 for them to have gas?

19 WITNESS BURRELL: Well, --

20 Q What I am suggesting here  
21 of course is that if in fact there are communities still  
22 that would have cheaper forms of fuel, then it wouldn't  
23 pay them to pay the extra cost to get gas in. Whereas  
24 if you found out that gas turned out to be the cheapest  
25 fuel in spite of that surcharge, we'll say, then it  
26 would pay them to go through debenture or government  
27 grant or borrowing rather, to get the additional money  
28 to pay for the gas.

29 A Well, what we did of course  
is that we looked at what the cost of gas delivered to





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1 each of the communities was on a -- we call it the fair  
2 share basis. Then we looked at it as far as the costs  
3 would be on our proposal. From that, we concluded which  
4 of the communities should get the natural gas. Now,  
5 as far as looking at those communities in which the  
6 \$25/MCF would result in no capital contribution, we  
7 looked at a total of 24. Actually the 11 that we have  
8 named -- the highest one is Pine Point which is just  
9 around \$22/MCF. Whereas, the next of the 11 that we  
10 decided it was proper to provide gas to, of the others --  
11 of the other 13, the next one that was in line was  
12 Jean-Marie River and that was \$50. It was double the  
13 price. So, the \$25 in our opinion was a good breaking  
14 point in that it was, to include communities over that  
15 would really result in quite a considerable capital  
16 cost contribution.

17 Q No. For our purposes  
18 here I am not suggesting that it should be over \$25.  
19 I am saying if I was <sup>a</sup> community that wasn't in your  
20 favored list --

21 A Yes.

22 Q I am wondering if you  
23 have done as part of your analysis -- if not let me  
24 know -- but if you have done as part of your analysis  
25 how much it would cost the various communities for the  
26 gas line if they wanted to get the gas line. Then you  
27 have to pay a surplus or a surcharge.

28 A Yes.

29 Q How many communities that  
30 would -- that yield gas that was more economic than their





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1 other fuels that they are using now. Am I getting  
2 through?



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A I understand your question  
and no, we have not done that.

Q Fine.

THE COMMISSIONER: You know,  
there's an irony about your scheme. I mean certainly  
you've gone to very great lengths to achieve the object  
you have in mind, which is to see that people who live  
in the north get the benefit of the gas. The people who  
live closest to the gas are the people at Tuktoyaktuk,  
and that is a community you do not find it feasible to  
serve. Can you tell me offhand what the -- you've  
mentioned the cost to Jean-Marie River. Do you know  
what the cost to Tuk is?

A On a capital investment per  
Mcf., the throughput is around \$60.

Q Three times Pine Point,  
which is the highest within the favored 11.

A That's right.

MR. REESOR: Well, that was my  
next question.

THE COMMISSIONER: That was a  
good question.

A I hope the answer  
was all right.

MR. REESOR:

Q Just before we leave this  
aspect of the gas supply, do you have what the -- if we  
were to go to the government and say, "Well, we feel  
that as part of public policy all these communities  
should get gas because it's the cheapest form of fuel



Burrell, Ellwood, Jensen, MacLeod  
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1  
2 available to them, and we would like a grant for the  
3 total amount that would be needed to get pipe laterals  
4 into each of these communities."

5 Do you have a total figure on  
6 what that would be, by any chance?

7 A I don't have that number  
8 in front of me. What you want to know is what's the --  
9 what would be the total amount of money that would be  
10 required to provide gas to all 24 communities over  
11 and above the \$25 per Mcf.?

12 Q Yes. It would seem to  
13 me that you might have the figures because you know the  
14 cost, I believe it was \$74 million, for putting laterals  
15 into 11 communities. You might have a figure on what  
16 it would be --

17 A It's easy enough to  
18 calculate it. I just haven't calculated it.

19 Q I see.

20 A Right now.

21 Q Page 46 --

22 MR. SCOTT: Are you going to  
23 calculate it? Is Mr. Burrell going to calculate it,  
24 because I can't.

25 A If somebody would like  
26 me to, I will.

27 MR. REESOR: On behalf of Mr.  
28 Scott I'd enjoy that, yes.

29 A You want the calculation  
30 then, do you?





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

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Q Yes, if you could get it to us. On page 46 you state that Foothills would not own and operate a distribution system unless quoted as absolutely necessary <sup>in order</sup> for a community to get natural gas service. Does this mean that if a community wants the gas service but there's no company that would want to provide it, that Foothills would provide it, would become or provide a distributing arm?

A Yes. That's right, that's not our preference. We believe, as we say in our evidence, that this offers an opportunity for a business within the Territories, but if it came to a point in a community where there just wasn't <sup>another</sup> company prepared to distribute gas, then certainly Foothills, probably a subsidiary of Foothills would undertake that.

Q Have you had any discussion with distribution companies such as Plains Western, <sup>you</sup> as mentioned before, about their wish to take over the gas distribution or to bid for gas distribution?

A They've shown some interest but really it hasn't gotten that far.

Q And something slightly unrelated, although I think a lot of people question one aspect of this, and that is the cost of converting. Do you have any details on say a basic three-bedroom residence of what might be the cost of converting from fuel oil to gas?

A Well, when -- back in August of last year there was a request by Commission



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counsel to provide such information. That was filed as part of Exhibit No. 226, I believe, with the INquiry, and those particular numbers are shown there.

Q O.K., fine thank you.

A Not as they relate to any particular size of home, but certainly the costs of converting fuel oil fired equipment to natural gas fired equipment.

Q On page 47 you estimate that by the mid-1980s the additional cost to mainline service due to laterals will be 11 to \$12 million. This is strictly the cost of operating, or does that include the amortization of the capital cost of laterals?

A It's the total owning and operating costs, associated with those laterals.

Q Including the amortization?

A Yes.

Q What would be the cost, do you have any figures, of simply O. & M. without the amortization costs, in other words, the cost to Foothills of just pushing gas down a lateral line?

A On a cents per Mcf. basis?

Q Certainly, if that's the form you have it in.

A We have some naturally in the development of our cost of service, O. & M. is one number that goes into it and we have our estimate of what the O. & M. costs are associated with those laterals.

Q Perhaps a more usable number



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Reesor

1  
2 would be to tie it into the 11 or 12 million that you  
3 talk about. What proportion of that would be amortizing  
4 the cost of laterals, and what proportion would be the  
5 actual operating costs itself?

6 A The operating cost is  
7 very small. Actually the main cost is in your deprecia-  
8 tion of investment, taxes and so on.

9 Q So at the end of your  
10 amortization period, the cost of supplying gas to  
11 northern communities would be extremely small.

12 A That's one of the  
13 advantages of putting gas through a pipeline as opposed  
14 to hauling fuel oil. As your facility depreciates, the  
15 cost of transportation generally goes down.

16 Q You go on to state,  
17 "The effect of the laterals would mean an increase  
18 of less than 1½¢ per Mcf. in the cost of gas down  
19 the line."

20 A Yes.

21 Q To the Southern Canadian  
22 user. This is quite a small amount and I'm wondering  
23 how that would be affected by including places like  
24 Tuk and those other uneconomic quotation marks,  
25 communities.

26 A We haven't done that  
27 calculation. I would think that we would be looking at  
28 some cents per Mcf. because even though the cost of  
29 service is high, to these communities on an Mcf. basis,  
30 the actual cost of the facilities relative to the cost  
of the mainline is really quite low.





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 Q Do you have an idea of  
2 what the result might be of adding -- folding in the  
3 total cost of the laterals?

4 A I haven't made that  
5 calculation.

6 Q What I am thinking is if  
7 it increases to say 1.75¢ per MCF for the southern  
8 consumers that in fact this is not too high a price to  
9 pay. This would be the criterion that we might argue  
10 that that's how the decision might be made related to  
11 the \$25/MCF cutoff point.

12 A The laterals that are  
13 -- or the communities that are located quite a distance  
14 from the pipeline -- the cost of those facilities would  
15 be quite expensive. Rolling in say, the additional  
16 13 communities, the cost of laterals to provide gas  
17 to those communities -- I haven't made a calculation  
18 to see what the effect would be on the mainline transpor-  
19 tation.

20 Q Would it be fairly easy  
21 to make a calculation?

22 A Oh, I think it could be  
23 done. Yes.

24 Q Could we get some figures  
25 on that?

26 A Sure. Do you want if for  
27 all 13 communities or do you want to be selective because

28 Q No. No.

29 A -- these communities are  
30 very small and quite removed from the pipeline.





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 THE COMMISSIONER: You mean  
2 Trout Lake?

3 A Yes.

4 MR. REESOR: Perhaps you could  
5 break down the communities into two or perhaps three  
6 classes in terms of costs, so that you might have a  
7 very costly group and a less costly group and a group  
8 that just misses out on your \$25/MCF criterion.

9 MR. HOLLINGWORTH: I think the  
10 evidence is that no town misses out on the \$25/MCF  
11 criterion.

12 MR. REESOR: Whatever the  
13 groups break out at is what I am referring to.

14 THE COMMISSIONER: Well Jean-  
15 Marie came out at \$50 as I recall. Did you say that?

16 A Yes. Yes.

17 Q You've got a river crossing  
18 there. I notice on your map you have got Jean-Marie  
19 on the east side of the river, but I think you'll find  
20 it's on the west side which means you've got a river  
21 crossing. If I am right about that, the 50 might be  
22 150. But, in any event there are some places like  
23 Trout Lake and Nahanni that are in the corridor.

24 A Yes.

25 Q That I don't suppose  
26 anyone is likely to suggest should be supplied with gas  
27 via a pipeline.

28 A Nahanni is over \$400.

29 MR. REESOR: What I am suggesting  
30 is the \$400 communities might be a class of their own.



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam Reesor

1 I am trying to get an idea for instance what the impact  
2 on the ultimate price might be on supplying communities  
3 like Tuk.

4 A Yes, we can develop some  
5 numbers there.

6 Q Thank you. On page 50,  
7 you state that you -- that encouragement should be  
8 given to Territorial residents to invest in the project  
9 and that "we intend to give residency opportunity to  
10 purchase equity ownership on attractive terms." What  
11 sort of terms to you envision?

12 A Well, there is a --  
13 you know -- there is a number of ways you can do it.  
14 Probably in our impact statement, we said something  
15 very similar and I gave an example. Perhaps --

16 Q Which page would this be?

17 A On our impact statement?

18 Q Yes.

19 A It'll be page 5.c - 13.2  
20 It relates to the situation in Alberta when Alberta  
21 Gas Trunk Line was formed.

22 Q What percentage of the  
23 equity are you talking about here?

24 A What percentage of the  
25 equity we've made available?

26 Q Yes.

27 A We really haven't established  
28 that.

29 Q You haven't discussed  
30 the details of, for instance whether it might be voting



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 stock, dividend stock; what proportion would be  
2 available and so on?

3 A No, the concept has been  
4 developed. Actually, with respect to Trunk Line, I  
5 believe it was 1956 or there about, the shares were  
6 selling for \$5 and they have since split and a \$5  
7 share now is based upon current market values and is  
8 over \$52. So for a \$5 investment back in '56, it's  
9 worth now about \$52 I believe and in addition to that,  
10 it has paid something in excess of \$18 dividends.  
11 So you can see what the residents of Alberta have gained  
12 from being allowed to participate or given the opportunity  
13 to participate in the Trunk Line issue back in '56.

14 Q Yes, one final thing is  
15 on page 51 where you state that your company will assist  
16 in upgrading existing facilities should our project make  
17 this necessary in the short term. Are you talking about  
18 such things as recreation facilities, assistance to  
19 communities and upgrading recreation facilities.

20 A Yes, that's fairly common  
21 I believe that if a company moves into an area and  
22 the infrastructure is deficient that they do make  
23 contributions to -- along with the citizens -- to improve  
24 the infrastructure.

25 Q Are you including dollars  
26 in your contributions?

27 A Including dollars?

28 Q Funding of recreation  
29 facilities as well as just advice? I am wondering what  
30 type of assistance you are talking about.





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 A I can see both advice .  
2 and dollars.

3 Q Mr. MacLeod, on page 62,  
4 you say that pipeline companies operating in southern  
5 Canada have deferred much of their income taxes by  
6 continuously undertaking capital expansion programs.  
7 I am not familiar with this area. Are the regulations  
8 such that if there was a looping of the line or extension  
9 of the end of the line to get gas from a new gas field --  
10 these sort of things would enable a deferral of income  
11 taxes?

12 WITNESS MacLEOD: What usually  
13 happens is that on the company's own books, the rate  
14 of depreciation, the depreciation claimed is a lower  
15 rate than that allowed for income tax purposes. So that  
16 the Income Tax Act might allow a rate of depreciation of  
17 say 5% and the company is only deducting 2% on its  
18 books. So, there is going to be a difference between the  
19 taxable income of the company and the income according  
20 to the books of the company. It's a taxable income  
21 which is lower.

22 Q That's brought on by  
23 continuously adding capital improvements that are exten-  
24 sions --

25 A The amount you claim  
26 as depreciation is going to be a function of  
27 the additions to the depreciable asset base.

28 Q So if a pipeline was looped  
29 and then perhaps <sup>an</sup> oil line and perhaps an extension of the  
30 facilities and so on, conceivably you can see a deferral



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 for ten years down the road.

2 A Well no, because --

3 Q I am not saying it's

4 Foothills but in a --

5 A Well no. I mean Foothills  
6 to believe  
7 wouldn't -- I have no reason that Foothills will be  
8 constructing an oil pipeline, so that would not add to  
9 their depreciation base.

10 Q No, but if another line  
11 was developed by the same company that was operating  
12 the gas line, would that -- could that be included?  
13 In other words to result in a deferral of taxes or would  
14 that have to be kept quite separate as a new capital  
15 works?



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

1                   A     I would expect that those  
2 would be two separate companies and two separate deprecia-  
3 tion bases.

4                   Q     On page 64 --

5                   MR. HOLLINGWORTH: Mr. Commissioner,  
6 I don't want to interrupt Mr. Reesor, but I see it's  
7 twenty to four, I understand the coffee's been ready  
8 for some time.

9                   THE COMMISSIONER: Right. The  
10 --before we adjourn, I think I should say that I read  
11 the ruling I made on Thursday last, July 15th, regarding  
12 Mr. Helliwell's evidence. I ruled that the Inquiry would  
13 not consider it. I said on page 25319, "I don't think  
14 the government will be any further ahead if I tell them  
15 that assuming we have enough gas in the Mackenzie Delta  
16 to make<sup>an</sup> all Canadian line feasible, then a case can be  
17 made for postponing construction and settling native  
18 land claims in the meantime."

19                   Now, I think it's obvious what  
20 I meant there, but let me make it explicit so there will  
21 be no misunderstanding. The argument is one that can --  
22 the argument is one that can be made to this Inquiry, it  
23 is, in turn, one that<sup>it</sup> may well be the Inquiry can be  
24 urged to make to the government and certainly it's one  
25 the government can consider.

26                   The point I was trying to make  
27 was that we didn't have to transport Dr. Helliwell all  
28 the way from Vancouver to tell us something that given  
29 certain assumptions must be obvious to all of us, or at  
30 least the argument that can be made, whether the argument



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

1 is sound or not, whether the argument is acceptable or  
2 not is another matter, but it is an argument that might  
3 well be made, given those assumptions, it seems to me  
4 is obvious and obvious to the Government of Canada  
5 without Dr. Helliwell coming here so that his statement  
6 of that rather obvious proposition is on the record.

7 So let's adjourn for tea and  
8 coffee.

9 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)

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Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Mr. Reesor?

MR. REESOR: Mr. MacLeod, if

we could turn to page 64, it appears to me that the crux of the financial picture regarding streams of revenue is the proportion or the sharing of the revenue between the various levels of government and native organizations, various groups as this.

On that page you talk about the current impending negotiations between the three levels of government and native organizations and I wondered if you could be more specific. Do you -- could you tell me what negotiations are on-going regarding the sharing of this revenue at the present time?

THE COMMISSIONER: Do you mean land claims negotiations?

WITNESS MACLEOD:

A Primarily, yes.

Q Anything else?

A There are negotiations going on between, say the town of Inuvik and the federal government and the Territorial government, and I imagine it would also apply to other municipalities.

MR. REESOR: Do you know of any negotiations between the federal government and the Territorial government then?

A No, I don't. I was thinking mainly of land claims there.

Q I beg your pardon?

A I was thinking mainly of land claims.



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor

1  
2 Q I see.

3 A And some discussions between  
4 the Territorial and the municipal.

5 Q On page 67 you say that  
6 you would add the federal expenditures in the north to  
7 the federal Territorial government contributions to get  
8 the total amount of federal dollars that are spent in  
9 the north. But unfortunately, you say, we have not been  
10 able to obtain this data. Why not?

11 A Recent data is not available.  
12 If you want to rely on 1971 data I suppose you could  
13 find something, but you see there's always a lag in the  
14 reporting process.

15 Q Of five years?

16 A We're in 1976 right now  
17 and I'm doing all my comparisons here based on '75, '76 and  
18 I can't find any of this type of data for '75, '76. It  
19 simply doesn't exist and won't be ready for another two  
20 or three years probably. I could go back to 1970 and  
21 get it.

22 Q Have you been in contact  
23 with the federal government with a view to perhaps  
24 obtaining some statistical material that's not formally  
25 published but is available?

26 A I've requested unpublished  
27 data and I've usually obtained it when it was available.  
28 It quite often is simply not yet available. It takes  
29 them a long time to put it together and you have another  
30 problem too, when you want data on the Territories, quite



1 often the N.W.T. and the Yukon are combined and you can't  
2 get a breakdown.

3 Q Have you requested current  
4 data on this particular -- these particular figures?

5 A Not recently, because I  
6 know very well that it simply isn't available.

7 Q I see.

8 Finally, on page 77, you're  
9 speaking of maximizing revenues from quarrying fees on  
10 the one hand and the fear that gravel deposits might  
11 be depleted on the other. You talk about perhaps the need  
12 for regulations to ensure the fulfillment of a second  
13 objective being not depleting the borrow pits. What  
14 sort of regulations are you talking about? Municipal  
15 regulations or Territorial or federal?

16 A I think it would have to  
17 be Territorial, at least at some level higher than  
18 municipal.

19 Q These would be --

20 A Because in a way you  
21 want to protect the municipalities from themselves. It  
22 would involve imposing some kind of a quota on the  
23 amount of gravel that could be taken out and used on  
24 development.

25 Q And a quota would be  
26 placed on all users, including the municipal authority  
27 that has administration -- responsibility for administering

28 A Well, the quota would  
29 involve saying that "X" percent of the reserves in a  
30 particular quarry can be allocated to pipeline work and





Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Reesor  
Cross-Exam by MacQuarrie

1 the town can do what it wants with the rest, but it's  
2 only a suggestion and I don't think that a town would --  
3 local governments would take the initiative to put in  
4 that kind of a regulation. I think it would have to  
5 come from somewhat higher up, preferably Territorial.

6 Q Okay, fine. That's all  
7 the questions I have sir.

8 MR. SCOTT: Mrs. MacQuarrie?  
9 Have you got a microphone there? I don't think you have.

10 CROSS-EXAMINATION BY MRS. MacQUARRIE:

11 Q I was wondering, Mr. Ellwood,  
12 what orientation programmes your company has established  
13 for your workers who will be coming into the Northwest  
14 Territories?

15 WITNESS ELLWOOD: That's part  
16 of our panel two evidence. I would prefer to defer  
17 that until we come with panel two.

18 Q I see, okay.

19 On page 11, when you're talking  
20 about the compensation that residents should receive  
21 for any damages, what are you referring to? Is it land  
22 and trapping or what?

23 A It includes any accidental  
24 damage caused by Foothills or any of its contractors  
25 on this project. Any accidental damage to anybody or  
26 their property.

27 Q I was wondering if this  
28 would include family breakdown because the man was away  
29 at the job site. Does it extend to the social or  
30 medical aspect of his existence?



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by MacQuarrie

1 A No, it doesn't, but it  
2 does include a stress factor for people who have suffered  
3 some disruption, I suppose. It's a negotiated agreement  
4 or settlement between the two parties.

5 Q Could you tell me about  
6 this stress factor that you would assess?

7 A But we do not pay compensa-  
8 tion to, say, somebody in Yellowknife, who was not other-  
9 wise affected by this, but claimed to be, sort of psycho-  
10 logically affected by it all.

11 Q I mean, the worker himself  
12 is whom I had in mind.

13 A No, compensation is not  
14 paid to workers who -- at least not as far as I'm aware.

15 Q Well, you say that you're --  
16 THE COMMISSIONER: Excuse me,  
17 Mrs. MacQuarrie.

18 MRS. MacQUARRIE: Yes.

19 THE COMMISSIONER: Maybe I  
20 could help you out here. If somebody's injured on the  
21 job, presumably he gets Workmen's Compensation.

22 MRS. MacQUARRIE: M-hm.

23 THE COMMISSIONER: If they run  
24 over somebody's trapline they will pay the cost of  
25 replacing the trapline and if it means that the man  
26 can't use the trapline for two years, they'll figure out  
27 on the basis of earlier years' harvests, what he would  
28 have earned on the trapline selling his furs on the market,  
29 and if they smash up somebody's summer cabin on a lake,  
30 they'll have to pay him whatever it costs him to rebuild



1 it. I think it's misleading for Mr. Ellwood, I'm sure  
2 he didn't mean this in an intentional way, but I don't  
3 think there's a stress factor. I don't think he's  
4 thinking of a stress factor that you're thinking of.  
5 The notion that if a man -- you can comment on this in  
6 a moment. The notion that if a man is away from his  
7 family working on the pipeline and his wife starts  
8 drinking because he's away and then she neglects the  
9 children and the whole family goes to pot, Foothills  
10 isn't --

11  
12 MRS. MacQUARRIE: Except that  
13 Mr. Ellwood mentioned that possibly they might.

14 THE COMMISSIONER: Foothills isn't  
15 going -- well, unless, -- I'd like to hear it if they  
16 are, but Foothills isn't going to pay that man in the  
17 same way that they would be obliged to pay him or  
18 compensate him if they ran over him with one of their  
19 company trucks.

20 They accept no responsibility  
21 for that kind of situation. I just don't think we should  
22 get Mrs. MacQuarrie thinking that you're going to do  
23 something you're not, but you add anything to that you  
24 wish.

25 A Right.  
26  
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Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by MacQuarrie

1  
2 That's a fair assessment  
3 of how the compensation --

MRS. MACQUARRIE:

4 Q It would be very limited  
5 then.

6 A Pardon?

7 Q It would be very limited  
8 then.

9 A I know many people who come  
10 here think it's quite large.

11 Q You also mentioned that  
12 there should be a committee formed to look into the  
13 conditions.

14 A An Arbitration Board.

15 Q Yes.

16 A This is, if negotiations  
17 fail to reach a satisfactory settlement between the  
18 claimant and the company, if that process does not  
19 reach a settlement, then an Arbitration Board should  
20 be set up or should come into the picture to establish  
21 a settlement.

22 Q I see. Would that not  
23 be taken care of by the unions?

24 A No, this is a matter  
25 between -- this is not to do with employees. This is  
26 third party --

27 Q I see.

28 A ----- we're talking  
29 about here.

30 Q I see, thank you. Ms.





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by MacQuarrie

1  
2 Jensen, are you aware of the study that was done by  
3 Michael Dear last summer? It was called,  
4 "Planning Community Health Services in  
5 Arctic Canada."

6 WITNESS JENSEN: No, I'm not.

7 MRS. MacQUARRIE: I wonder if  
8 I could submit this as part of the evidence, then, and  
9 refer to it?

10 THE COMMISSIONER: By all means.  
11 What was the name again, please?

12 MRS. MacQUARRIE:

13 " Planning Community Health Services in  
14 Arctic Canada,"  
15 and it's by Michael Dear , Department of Geography,  
16 McMaster University. A research report to the  
17 Presidential Committee on Northern Studies at McMaster  
18 University.

19 THE COMMISSIONER: McMaster  
20 University has some kind of northern studies program?

21 MRS. MacQUARRIE: Yes. Are  
22 there any universities that don't have?

23 MR . SCOTT: Mrs. MacQuarrie,  
24 do you have a copy of that report that you could file,  
25 or do you not?

26 MRS. MacQUARRIE: Yes.

27 MR. SCOTT: I just wondered if  
28 you could file one later as a convenience to the rest  
29 of us?

30 MRS. MacQUARRIE: All right.



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by MacQuarrie

1  
2 MR. SCOTT: Thank you.

3 MRS. MacQUARRIE: Q When you're  
4 talking, Ms. Jensen, about the health care, I'm not  
5 sure which page it's on, page 19, and many of your  
6 people with an alcohol problem who require treatment  
7 for alcoholism, will be sent south, I understand.

8 A That would depend on  
9 how the plans are implemented that are currently being  
10 formulated to upgrade the existing facilities in the  
11 Northwest Territories. For instance, in Inuvik, it's  
12 in the consultation process and it appears in all  
13 likelihood that within six months we'll have a Detox  
14 Unit situated in the Inuvik General Hospital.

15 Q I see. Is that sponsored  
16 by the government, or is it a program similar to the  
17 Yellowknife Detox Centre's program?

18 A It started through  
19 community interest and this Friday there will be a meeting  
20 with  
21 in Inuvik, some people from the Alcohol and Drug Co-ordinating  
22 Council and private citizens, and agencies, and they  
23 are in the process of setting up an alcohol education  
24 facility and on staff right now at the Inuvik General  
25 Hospital is a medical practitioner with two years  
26 experience at Henwood, and he seems very willing to  
27 get involved in this process and there's been quite a  
28 bit of talk about setting up a Detox Unit because there  
29 is so much unused capacity in the Inuvik General Hospital.

30 Q I see, and is this medical  
person donating his time, or is he actually --



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by MacQuarrie

1  
2 A He already has donated  
3 his time.

4 Q Yes, but he's not paid --  
5 a paid part-time worker.

6 A No, it's strictly a  
7 volunteer basis.

8 THE COMMISSIONER: Where did you  
9 say he had two years' experience?

10 A He was involved in the  
11 formation of the Henwood Clinic and worked there for  
12 two years, and is now back at the Inuvik Hospital.

13 THE COMMISSIONER: Right.

14 A And has been involved with  
15 alcohol counselling. He has made -- referrals have been  
16 made to him but his presence in Inuvik isn't all that  
17 well-distributed in depth. It's coming.

18 MRS. MacQUARRIE: Q I refer  
19 to Dr. Colville's 1975 report to the Territorial Council,  
20 the turnover of nursing staff in the Territories is  
21 86%, and you mentioned that most of the people will be  
22 treated at the local community level.

23 A No, first probably they  
24 would be treated on-site. There will be medical facilities  
25 on-site at the spread camps.

26 Q Would you then tell me  
27 the medical -- the kinds of medical staff you will have  
28 employed on-site?

29 WITNESS ELLWOOD: We're thinking  
30 here of -- is paramedic the right word?





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by MacQuarrie

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Q Pardon me?

A "Paramedic", is that the right word? Not a full doctor but someone the equivalent of the Air Force or Army paramedics.

WITNESS JENSEN:

I believe the concept in Alaska is physician's assistant.

Q I see, and just one employee?

WITNESS ELLWOOD: I'm not sure of the size. We haven't worked out numbers on this. It would be left to some stage of planning when we get closer to the construction period.

Q But so far it's only for that one position?

A Yes.

Q O.K. --

MR. HOLLINGWORTH: What was your question, Mrs. MacQuarrie?

MRS. MacQUARRIE: I wanted to know the number of medical staff you would have on the jobsite.

MR. HOLLINGWORTH: Yes.

MRS. MacQUARRIE: And the kind.

MR. HOLLINGWORTH: And Mr. Ellwood indicated it hadn't been worked out yet. Then you made what I took to be a rather rhetorical question, but I wasn't sure if you properly stated Mr. Ellwood's answer.

MRS. MacQUARRIE: I wondered if there were support staff for that single employee.



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by MacQuarrie

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MR. HOLLINGWORTH: I don't think  
WITNESS ELLWOOD:  
it was stated that it would be a single employee. We  
haven't determined the number of employees yet.

MRS. MacQUARRIES: I see.

WITNESS BURRELL: There would  
be a staff. Would you mind speaking a little louder?  
I can't hear all of your questions.

MRS. MacQUARRIE: I was wondering  
if I could defer the rest of these questions until  
tomorrow? I have a migraine, I'm sorry.

THE COMMISSIONER: Oh, well,  
this panel will still be here tomorrow, will it, Mr.  
Scott?

MR. SCOTT: If I have my way  
they certainly will be, so --

THE COMMISSIONER: No, why don't  
you just stop and excuse yourself and do whatever you  
do for a migraine?

MR. SCOTT: The panel will be  
here tomorrow because I think the remainder of the  
questions will ensure that, so I don't think there  
will be any difficulty.

MRS. MacQUARRIE: Thank you  
very much. I appreciate that.

THE COMMISSIONER: Fine.

MR. SCOTT: Mr. Bell?

MR. BELL: Yes, I have one  
question, at least it will start off with one question.



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Bell

1  
2 CROSS-EXAMINATION BY MR. BELL:

3 Q Mr. MacLeod, you mentioned  
4 in your evidence a new royalty scheme called the  
5 progressive incremental royalty, and I was wondering,  
6 can you tell me is that the scheme that's set out in  
7 a document called,

8 " Statement of Policy Proposed Petroleum and  
9 Natural Gas Act, and New Canada Oil and Gas  
10 Land Regulations,"  
11 published by the Government of Canada?

12 (PLANNING COMMUNITY HEALTH SERVICES IN  
13 ARCTIC CANADA, BY MICHAEL DEAR, DATED JANUARY  
14 1976 MARKED EXHIBIT 670)  
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Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Bell

1 WITNESS MacLEOD: I think it  
2 is. Yes.

3 Q Well, I would like you  
4 to turn to the Table 11 at the back of your evidence on  
5 page 93, if you would. Now, at the right-hand side  
6 of that table, you have three columns called "Royalties  
7 in Millions of dollars" at 10%, 12.5% and 15%.

8 Now, are any of these columns  
9 meant to represent the progressive incremental royalty?

10 A No.

11 Q Well, do you anticipate  
12 that the royalty rate will rise from the present rate of  
13 10%?

14 A Within that document that  
15 you first referred to, there is a couple of tables at  
16 the end which suggest that the gas production in the  
17 delta would be moderately profitable. From that I have  
18 concluded that the royalties to be derived from production  
19 in the delta would be comprised of the base royalty of  
20 10% -- as 10% of production plus some of PIR.

21 Q Well I am not clear then  
22 what --

23 A No, I didn't have enough  
24 data to calculate the PIR component. So as a substitute  
25 I have added on a percentage of production.

26 Q I see. You say that this will  
27 apply in the first of production, do you?  
year

28 A I say that in the early  
29 years of production -- that is before full capacity is  
30 reached -- I don't think the PIR component will be





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Bell

1 operative because profitability will not be sufficiently  
2 high. But once the gas plants are operating at full  
3 capacity, presumably the profitability at that time  
4 will be higher than it was initially. So in addition  
5 to the 10% base royalty, I think there would be a PIR  
6 component.

7 Q But it won't apply until  
8 there is a certain level of profitability achieved.

9 A That's right.

10 Q What I gathered from this  
11 table was you were saying that that level of profitability  
12 would be achieved in the first year.

13 A No. The way that table  
14 should be read is you should start -- just considering  
15 the last three columns to the right.

16 Q Yes.

17 A It should be read diagonally  
18 starting at the top left, going toward the bottom right.

19 Q Perhaps you could just  
20 explain in a little more detail?

21 A Well, O.K. In 1979 --

22 Q Yes.

23 A -- the production lead  
24 would be at a fairly low level so you couldn't expect  
25 more than a 10% royalty rate.

26 Q Right. Well why do you  
27 then have a figure for 12.5%?

28 A Pardon?

29 Q Why do you then have a  
30 figure of a 12.5% royalty in that year?



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Bell

1                   A     This table was prepared  
2 well before I received a copy of those regulations and I  
3 was speculating at that point what the new regulations  
4 might be.

5                   Q     I see.

6                   A     It's quite possible --  
7 well I suppose there is some remote possibility that the  
8 PIR component will become operative before full capacity  
9 is reached. I just don't know because I don't have the  
10 financial data from the producing companies.

11                  Q     Do I understand you to say  
12 that it's likely to become operative by the sixth year  
13 at any rate or at least the year of maximum throughput --  
14 the first year of maximum throughput?

15                  A     That's an assessment I am  
16 making I guess. Since I don't have the data I can't say  
17 with complete certainty. But based on those graphs  
18 which are shown in the last part of that document to  
19 which you have referred, I conclude that there will be  
20 some incremental royalty payable and it should come into  
21 effect around the time when the system is operating at  
22 full capacity.

23                  Q     Well perhaps I could just  
24 refer you to the column called "annual throughput" in  
25 billion cubic feet. You've calculated a throughput for  
26 each of six years. Now, tell me, is it fair to add up  
27 the total of those years and get what you consider to  
28 be a minimum reserve?

29                  A     What kind of a significance  
30 would you like to attach to that sum?



Burrell, Jensen  
Ellwood, MacLeod.  
Cross-Exam by Bell

25647

1 Q Well I just would like to  
2 know if when you add up those annual rates of throughput,  
3 whether the reserve that you are taking out or the amount  
4 of gas that you're taking out is going to be profitable?  
5 I mean, it is a rate at which this progressive incremental  
6 royalty -- will it --

7 A You're going to have to  
8 look at the files for each year, independent of previous  
9 years. In the first year of annual throughput, there is  
10 49. Well, that is very low. I can't expect anything  
11 more than a 10% royalty to be imposed on that. That's  
12 going to be a loss operation.

13 Q Yes and the next year it  
14 will be 316 billion cubic feet.

15 A Yes.

16 Q So you will have taken out  
17 the total of the first or the second year's throughput.

18 A Yes.

19 Q By the time you get to the  
20 sixth year, you will have taken out the total of the  
21 six year's throughput?

22 A Yes, but that's the sixth  
23 partial year's throughput. You see, we're not operating  
24 at full capacity there until 1984, according to that  
25 table.

26 Q Yes, I see. I notice  
27 that you start calculating the throughput in 1979. Perhaps  
28 you can correct me on this, but I understood that Foothills  
29 wasn't planning to start pumping gas until later than  
30 that.





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Bell

1                   A     That's correct. We're  
2 in the process of revising our tables to reflect the  
3 later start up.

4                   Q     The wellhead price of gas  
5 per MCF is the next column. Has Foothills filed the  
6 documents that support these figures?

7                   A     Yes, those figures are  
8 revised in part V, (a) and (b) of the application.

9                   Q     Are they based on any  
10 demand projection?

11                  A     Yes, they are. I believe  
12 they are based on the competitive energy prices in Toronto.

13                  Q     Of course, in order to get  
14 an annual throughput, you would have had to make some  
15 assessment of probable reserves?

16                  A     Yes.

17                  Q     Then we can take it that the  
18 figure for throughput here would be based on your  
19 estimate of minimum reserves? I mean you say --

20                  MR. HOLLINGWORTH: I don't think  
21 I understand the question Mr. Bell. Could you rephrase it?

22                  MR. BELL: Well let me put it this  
23 way. If you have an annual throughput -- a total six  
24 year's throughput of, in the neighborhood of three trillion  
25 cubic feet, you have to assume that there are three  
26 trillion cubic feet there to be pumped. In that sense,  
27 it's a minimum estimate of reserve.

28

29

30



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Bell

1  
2 MR. HOLLINGWORTH: Are you  
3 asking this witness whether he calculated the reserves  
4 or he took a figure from somebody else?

5 MR. BELL: I'm asking him what  
6 he understands that figure to be.

7 WITNESS BURRELL: These numbers  
8 the build-up in the  
9 really represent 'Foothills' case, and all Mr. MacLeod  
10 has done is taken the throughputs as projected by others  
11 and related dollars to them to reflect royalties. That's  
12 all. But as far as the numbers and throughput are  
13 concerned, that's done by others than John MacLeod.

14 Q So you're not prepared to  
15 speak to the question of the accuracy of that figure  
16 then.

17 WITNESS MACLEOD: All I'm saying  
18 is that 1984 will be the first year of capacity oper-  
19 ation and capacity in terms of throughput would be 876  
20 Bcf. a year, and my cutoff there -- my table ends in  
21 1984, that's arbitrary, because '85, '86, '87, presumably  
22 should have the same throughput.

23 THE COMMISSIONER: This is all  
24 an assumption or one that you must necessarily make, if  
25 there is enough gas in the delta to justify the Foothills  
26 Pipe Lines' proposal, so on and so forth. You're tak-  
27 ing all that as given and just going on from there.

28 A That's right.

29 MR. BELL:

30 Q And I take it that you  
take the same position with respect to the wellhead  
price of gas?



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Bell

1  
2 A Yes, because that's been  
3 derived in another part of the application.

4 Q There are a couple of  
5 statements in the body of your evidence which aroused  
6 my curiosity. On page 64 in answer to question No. 91,  
7 you say you have not included in your tables the estimate  
8 of income taxes tabled by the producer companies, and you  
9 go on to explain that it's difficult to make that calculation  
10 with your present information. Now, over on page  
11 67 in the last complete paragraph there you say,

12 "In further support of this conclusion I would  
13 add that the potential discounted present  
14 value of producer companies income tax payable  
15 in the first year of capacity production could  
16 be in the order of \$130 million."

17 Is there any contradiction here?

18 A I did prepare estimates  
19 but they were subject to a very high degree of uncertainty,  
20 such a high degree -- such uncertainty that I did not  
21 consider it worthwhile to put them in a separate table.  
22 But I thought it would provide one figure to give an  
23 idea of an order of magnitude. That figure of 130  
24 million there is quite tentative, but if I produced  
25 an entire table with numbers of that quality, they could  
26 be a little misleading.

27 MR. BELL: I see. Those are  
28 all the questions I have, sir.

29 MR. SCOTT: Miss Lane?  
30



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Lane

1  
2 CROSS-EXAMINATION BY MISS LANE:

3 Q Mr. Ellwood, page 6,  
4 please. You were speaking with Mr. Reesor earlier  
5 and you mentioned that you anticipated that Foothills  
6 would build separate facilities in the airports that  
7 they would be using, airports, that is in Fort Simpson,  
8 Norman Wells and Inuvik, that your construction workers  
9 and your cargo would go through a different building  
10 than the main airport building. Am I correct in  
11 understanding that?

12 WITNESS ELLWOOD: Yes, that's  
13 my assessment of the situation. We don't have any well-  
14 developed plans in this regard, but what we're thinking  
15 here is that we'll need some sort of a holding area  
16 for the people and the goods that are going through.

17 Q When you say "holding",  
18 would you anticipate that Foothills will go so far as  
19 to provide overnight accommodation or a number of  
20 days accommodation for people who are weathered in  
21 any of these airports, or would you expect that they  
22 would depend on the hotel facilities in say Norman  
23 Wells?

24 A No, we don't anticipate  
25 overnight facilities; we don't anticipate overnight  
26 delays.

27 Q Well --

28 A What we're thinking of here  
29 is the misfit in the scheduling, if you will, of sort  
30 of one aircraft coming in and one going out, maybe a





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Lane

1

2 matter of hours , and so if it's going to be an over-  
3 nighter, then we go back to the camp or whatever.

4

Q Oh, I'm speaking of things  
5 like being weathered suddenly. Could you accommodate  
6 that, or would you be depending upon the facilities in  
7 Inuvik, for example, to handle that?

8

A I can't imagine a situation  
9 where weather arrives faster than a plane. That's the  
10 arrangement that we have, is that the thing will be  
11 scheduled to meet, if one plane is perhaps delayed or  
12 perhaps they're coming on a bus or so or have a flat  
13 tire, that sort of accommodation we need some --

14

Q But you're not anticipating  
15 rapid changes in weather that would require you to remain  
16 in some place like Inuvik overnight.

17

A Not that rapid that it  
18 would require an overnight stay.

19

Q O.K. Point three, page  
20 6, can you be more specific as to the distance that the  
21 camps will be from Inuvik and Reindeer Station?

22

A I could get a map out and  
23 measure it. I don't have the numbers just on the top  
24 of my head.

25

THE COMMISSIONER: Mr. Burrell,  
26 do you have them? Oh, I thought you were just on the  
27 edge of your chair there and ready to give it.

28

WITNESS BURRELL: A bit of  
29 nervous twitch I think.

30

WITNESS ELLWOOD: They're shown



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Lane

1  
2 in our application.

3 MISS LANE: There is some  
4 place where I can look and find them then.

5 A Pardon?

6 Q There is some place where  
7 I could look and find them. I wasn't aware of that, but  
8 O.K. Page 7, point No. 5. Have you been in consultation  
9 with both Federal and Territorial agencies with regard  
10 to health services?

11 A I've only talked with  
12 Territorial people here. Ms. Jensen advises me that  
13 she has discussed with the federal people and they refer-  
14 red her to the territorial people.

15 Q Can you be a little more  
16 particular about the kinds of things you discussed with  
17 those agencies and whether or not they formed the basis  
18 of any of the recommendations you've made in your sub-  
19 sequent discussion of the medical facilities and your  
20 plans to use them?

21 A I've discussed with them  
22 basically our construction and operation and maintenance  
23 plan, and asked their reaction to it, and what sort of  
24 difficulties they could foresee would be necessary for  
25 them to do in order to --

26 Q Your decision to use the  
27 existing hospital facilities then was based on those  
28 particular discussions, and the kinds of things they  
29 told you.

30 A Yes.



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Lane

1  
2 Q You said that you're  
3 going to provide medical treatment on the site and that  
4 will be paramedical. For emergency evacuations to regional  
5 hospitals and also to Edmonton or other southern centers,  
6 are you planning to use the existing flights that are  
7 available through national health and welfare or will  
8 you provide your own planes and support staff doctors,  
9 that sort of thing, to get people out in emergency  
10 situations?

11 A We'll have helicopters  
12 associated with each spread which would be used as an  
13 air ambulance from the camp to, Inuvik say, if  
14 that's the area we're operating in. From there we haven't  
15 got more specifics, but I do know that there is an air  
16 ambulance service operating out of Calgary called "Park  
17 Ambulance", providing this service for the high Arctic  
18 and there are firms like that available to provide these  
19 things as we need them.

20 Q Page nine. You've indicated  
21 that Foothills has had a change of heart and whether or  
22 not they're going to allow the men on their construction  
23 camps to fish, and that you're going to rely on government  
24 agencies to their licencing provisions to control over-  
25 fishing and that sort of thing. Is Foothills planning  
26 to make any efforts to consult communities as to whether  
27 or not there's a surplus of fish stocks? That is, will  
28 there be any compromise between the situation where  
29 Foothills will say no fishing and relying totally on  
30 the government, will they go to the communities and if





1 the communities say, "Look, our fish stocks are low",  
2 you make an effort to supervise it yourself?

3 A Well yes, I would expect  
4 that we'll be in consultation with the communities  
5 during that time. If they express any reservations about  
6 this sort of thing, we -- I believe we have the authority  
7 to restrict our personnel there, although this might  
8 be a bit difficult to enforce on a blanket basis and  
9 that's why we have changed our position here.

10 Q Well, perhaps in mind  
11 with that, you've discussed that you're going to have  
12 your own security guards in camps. What kind of powers  
13 do you foresee that these men will have?

14 A The security personnel,  
15 they're primarily for materials control and inventory  
16 to prevent pilferage, or theft, if you wish, from the  
17 tools and equipment and so on.

18 Q Can you see them playing  
19 any role in enforcing isolation of camps? For example,  
20 how do you plan to enforce restriction of men moving  
21 from camps to communities or are you counting totally  
22 on distance to be your police force?

23 A Yes, they can play a role  
24 in that, in controlling the access to the camp through  
25 a gate or perhaps in controlling the keys to the equipment,  
26 those sorts of things. That relates to again, equipment  
27 or materials control functions. That's -- our plan in  
28 controlling the movements of people is to control the  
29 vehicles that they would ride in.  
30



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Lane

1 Q I believe this next question  
2 will be directed to Ms. Jensen.

3 Page 22 and 23. YOU refer to  
4 increased enrollments in high school, vocational school,  
5 university. Have you any statistics as to how many  
6 of these are native students?

7 WITNESS JENSEN: Since 1973,  
8 the Territorial government has not done an ethnic  
9 distribution on the number of students. They have  
10 classified everybody as a student regardless of their  
11 ethnic background, although I did enquire further because  
12 I wasn't satisfied with that and it would appear that  
13 by and large, the high school students are predominantly  
14 white, the vocational students are predominantly native  
15 and the university students are predominantly white.

16 THE COMMISSIONER: When you  
17 make that statement, would you mind just repeating the  
18 basis for saying that? Was this your impression of the  
19 impression of these people in the Department of Education  
20 that you discussed the matter with?

21 A It's my impression and  
22 also the impression of education officials. University  
23 students tend to come from the Great Slave Lake/<sup>area</sup>primarily,  
24 Yellowknife.

25 MISS LANE: So, it's your personal  
26 enquiries to the people who were actually handling  
27 high school and university students.

28 A Yes, and my own familiarity  
29 with students.

30 Q Is it your opinion that the



Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Lane

1 proportion of native students is on the increase or  
2 decrease, and you can isolate them into various areas,  
3 vocational school, high school.

4 A I think this goes back,  
5 this is my own opinion of course, and I think this goes  
6 back to the high school system and I have a feeling and  
7 a belief that there's a tracking system operating in  
8 the high schools.

9 Q A what?

10 THE COMMISSIONER: A what?

11 A A tracking system, a  
12 screening system.

13 THE COMMISSIONER: Yes.

14 A And it's reinforced by  
15 counsellors and native students are encouraged into  
16 community colleges, vocational type training. They're  
17 not really encouraged into the university system.

18 MISS LANE: Page 24. It's my  
19 understanding that the Territorial government has, in  
20 recent years, been encouraging and increasing the number  
21 of positions in its own organization that are available  
22 to native persons. To your knowledge, has this particular  
23 activity resulted in an increased number of adults who  
24 are all taking advantage of the adult education programmes  
25 in order to upgrade their skills?

26 A Would you repeat that  
27 question please?

28 Q Well, it seems to me that  
29 there's an analogous situation between a development  
30 activity and the fact that the Territorial government



1 has been increasing the number of positions that are  
2 available to native persons.

3  
4 A Do you mean training  
5 for positions in the government?

6 Q Right.

7 A M-hm.

8 Q This is like the development  
9 that you're talking about, it's going to increase  
10 the number of positions available and you said this  
11 encourages people to take up the adult education programme,  
12 to increase their skills and I'm wondering if you personally  
13 know whether an increased number of adult native persons  
14 have taken advantage of the adult education programmes  
15 in order that they can upgrade their skills and take  
16 advantage of those positions that are available in the  
17 Territorial government.

18 A That depends on whether  
19 you're talking about the larger communities like Inuvik,  
20 Hay River, or you're talking about the smaller communities.

21 My impressions are that in  
22 the smaller communities, people are attending adult  
23 upgrading classes more for their self-knowledge as opposed  
24 to seeking employment. Whereas, when you get into  
25 Inuvik, my own experience with the adult education  
26 class there was that all the students were engaged in  
27 upgrading because they were looking specifically for  
28 employment.

29 Q One last question.

30 On page 36 you recommend financial counselling for northern





Burrell, Jensen,  
Ellwood, MacLeod  
Cross-Exam by Lane

1 workers to help them use their wages wisely.

2 I understand that there have  
3 been such counselling programmes for natives in the  
4 Alaskan camps. Do you have any data available on the  
5 effectiveness of the counselling service programmes  
6 offered in Alaska, in mitigating the effects that you  
7 list on page 36?



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Cross-Exam by Lane  
Cross-Exam by Scott

A No, I do not.

Q You haven't looked at  
those at all? That's all.

THE COMMISSIONER: Thank you  
Miss Lane.

MR. SCOTT: Members of the  
panel, I would like to ask a couple of questions about  
population in the construction phase. By that, I intend  
to exclude for the moment the O&M phase that will come  
later.

CROSS-EXAMINATION BY MR. SCOTT:

Q Now, <sup>do</sup> I understand that  
the work force coming in will be about 6,000 people in  
each construction year? Have I got that right?

WITNESS BURRELL: In the peak  
year. But as far as population in the construction of  
the O & M and the number of workers, etc., that is  
really dealt with in detail in our panel two evidence and  
I am wondering if it might be better to discuss that  
when panel two is presented?

Q Well, what I am concerned  
about is what information you have or how you can help  
me on the general subject of in-migration that's related  
in part to construction. I take it from looking  
quickly at panel two, that that really isn't dealt with  
there. That they deal with labor problems and that sort  
of thing. Do I have it right?

A That and the number of  
workers that will be required. It certainly deals  
with that.



Burrell, Jensen  
Fillwood, MacLeod  
Cross-Exam by Scott

Q Well let's see if we can go at it this way. I take it that in the peak construction year, somewhere up to 6,000 people will be working on the construction project. We'll leave it that general.

A That's generally correct.

Q Yes and those people will be housed and will be living exclusively in the construction camps in the isolated or the fenced-in camps, if I can put it that way.

A The intent is that the by far the majority will be in that category.

Q Now I take it that those people will come as you tell us in panel two, either from the north under a northern preference scheme or from hiring halls which are going to be located in Edmonton or Vancouver?

A Yes.

Q Yes and that a certain proportion of the 6,000 will have to live because they will work outside the construction camps, in Inuvik, Norman Wells, Simpson and perhaps some other communities.

A Yes but a very small number.

Q All right. Now have any studies been done to determine the extent to which non-pipeline construction jobs will be created during the construction period?

A You mean the spin-off?

Is this what you mean, the secondary type of opportunities?

Q Yes.





Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 A We realize that there  
2 will be considerable opportunity but we haven't -- we  
3 really haven't got into quantifying it.

4 Q Well, the up to 6,000  
5 figure that we've talked about is of course Foothills  
6 personnel and all contractors and sub-contractors.

7 A Correct.

8 Q Yes. The panel recognizes  
9 that there will be spin-off creation of secondary jobs.

10 A Yes but I think it's not  
11 a result of these 6,000 people. It's a result of the  
12 project itself because these 6,000 people will be  
13 basically in camps and it'll be self-sustaining and so  
14 from that standpoint, the spin-off will be really as a  
15 result of the project itself and not necessarily because  
16 there are 6,000 people there.

17 Q I understand that. But  
18 the spin-off will in part result from the fact that you  
19 intend to buy a certain number of goods --

20 A True.

21 Q -- in communities and so  
22 on and that will create jobs, open vacancies and so on.

23 A Correct.

24 Q Now, have you any estimate  
25 at all no matter how rough of how substantial that  
26 opportunity is going to be during the construction period?  
27 How many jobs are going to be created of that type?

28 A Well we are in the process  
29 of doing that now. Of course you recognize and I think  
30 you realize that we've sponsored the Business Opportunities



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 Board and that's one of the assignments that we have  
2 given them to determine what the capability of the .  
3 northern businessman is and what area he wants to get  
4 involved with. From that of course, we'll be getting  
5 advice from the board as to how we should be dealing  
6 with the secondary opportunities that the pipeline will  
7 offer.

8 Q Well perhaps that --

9 MR. HOLLINGWORTH: Mr. Scott.

10 Maybe you are not caught up in your reading, but there is  
11 a very long discussion in the second panel's evidence  
12 concerning the multiplier effect which I believe is what  
13 you are getting after now. Perhaps this could be  
14 disposed of by leaving it until the second panel is on.

15 MR. SCOTT: Well, is there  
16 anybody on the second panel who can speak to socio-  
17 economic impacts? Is Ms. Jensen for example on the  
18 second panel?

19 WITNESS JENSEN: No I am not.

20 MR. SCOTT:

21 Q Because my trouble is  
22 Mr. Commissioner that when we have elicited what the  
23 multiplier effect will be, that is the number of people  
24 that will be created -- or the number of jobs that will  
25 be created -- and the extent, if we can determine this,  
26 to which people from the south may come in to attempt  
27 to fill those jobs, then I want to measure what the  
28 socio-economic impact of that is going to be.

29 THE COMMISSIONER: Well would  
30 you consider Mr. Hollingworth having Ms. Jensen sit on  
the second panel?



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 MR. HOLLINGWORTH: I was just  
2 reflecting on that possibility myself Mr. Commissioner.  
3 I don't think there's any problems.

4 WITNESS JENSEN: I have no  
5 problems with that.

6 MR. SCOTT: Or even better  
7 Ms. Jensen, perhaps if you could read the second panel  
8 on that subject, I could ask you about it tomorrow.

9 Let me come --

10 MR. HOLLINGWORTH: I suspect  
11 Mr. Scott isn't going to be back.

12 MR. SCOTT: No, I'll be back  
13 for the second panel. But the point that troubles me  
14 is this, that -- and it may have to do with the  
15 structuring of the panels -- Ms. Jensen were you here  
16 for example a week ago when Messrs. Boorkman, Weinstein  
17 and Trusty gave evidence?

18 A Yes, I was.

19 Q Yes and you heard in the  
20 course of an incisive cross-examination Mr. Trusty  
21 say that he thought if there was an in-migration of  
22 between two and three thousand people --

23 THE COMMISSIONER: I didn't  
24 realize Mr. Bell had cross-examined them.

25 MR. SCOTT: My recollection of  
26 what he said was that if during the construction period  
27 and he was speaking for Arctic Gas alone, there was  
28 an in-migration of between two and three thousand people  
29 who came here without jobs -- that is, came to the  
30 Territories without jobs, that that would create very



Burrell, Jensen  
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Cross-Exam by Scott

1 significant impacts and would be in percentage terms  
2 comparable to the in-migration to Alaska.

3 A I would agree with.

4 Q You would agree with that?

5 A Yes.

6 Q So I take it that you  
7 envisage that if there is that kind of in-migration there  
8 will be severe socio-economic impacts --

9 A Yes.

10 Q -- on the entire range  
11 of matters that Messrs. Boorkman and Weinstein dealt with.

12 A Of course. That's why  
13 I gave my opinion that I don't even think tourists should  
14 be allowed in during construction.

15 THE COMMISSIONER: That's why  
16 you said it should be locked up tight during construction.

17 A Yes.

18 MR. SCOTT: The great advantage  
19 of tourists of course is that they don't apply for  
20 welfare and usually don't benefit except for hospitals  
21 and so on from other services. But I take it that  
22 you and Mr. Trusty are agreed on that proposition?

23

24

25

26

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29

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Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Scott

1 A Of course.

2 Q And I take it that it

3 follows from that that that kind of in-migration is  
4 going to place a very severe strain on the entire range  
5 of social services and physical services in the Northwest  
6 Territories.

7 A Given the present level  
8 of services available in the Northwest Territories, I  
9 doubt whether the Northwest Territories could maintain  
10 itself under those circumstances.

11 Q Yes. Now, let me ask you  
12 something else. Do you think -- do you agree with  
13 Mr. Trusty in the sense that the impression I had from  
14 his evidence that he didn't think that point would be  
15 reached until between two and 3,000 came, or do you  
16 think it might be reached earlier than that?

17 A Well, I could just think  
18 back to 1972 in Fort Simpson, where they had an acute  
19 problem when 30 people showed up in Fort Simpson  
20 looking for pipeline jobs.

21 THE COMMISSIONER: Looking for  
22 pipeline jobs?

23 A In 1972.

24 MR. SCOTT: They were a little  
25 early. What pipeline were they looking for?

26 A That was when Arctic Gas  
27 was going to go full speed.

28 Q You're sure they weren't  
29 looking for the Inquiry?

30 A No, there was no Inquiry



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Scott

1  
2 then.

3 Q Well, do I understand  
4 then that <sup>it's</sup> your assessment <sup>that</sup> in 1972 at least, to take an  
5 example, the introduction of 30 people without jobs in  
6 a place like Fort Simpson imposed a very severe strain  
7 on the social services and so on of that community?

8 A I can't give you accurate  
9 data. This is only my -- I was living in Fort Norman at  
10 the time and this is what I heard over C.B.C. Mackenzie.

11 Q It was probably a  
12 radio interview with Mr. Bell.

13 Well now, apart from attempting  
14 to close the gates to tourists, as a socio-economic  
15 advisor what proposals have you to make to assure that  
16 this kind of in-migration doesn't occur?

17 A Well, for one, I would  
18 recommend to Foothills that anybody coming north seeking  
19 pipeline employment not be employed on the pipeline, but  
20 be transported out.

21 Q I'm sorry, I can't hear you.

22 A That anybody coming into  
23 the Territories who has by-passed the hiring halls  
24 located in the south, not be hired for the pipeline,  
25 period.

26 THE COMMISSIONER: And that's  
27 the policy they've accepted.

28 A Arctic Gas has accepted  
29 that as a policy, and Foothills has, too.

30 MR. SCOTT: Q Well now, apart



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Scott

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from that, you see it doesn't seem to me that that necessity -- and perhaps you agree with me -- is going to deal with the problem.

A If I could express an honest opinion --

Q Yes.

A -- I would close the border.

Q I beg your pardon?

A I would close all the borders.

Q No, but --

A I mean that's being extreme but I think that in fact may be a necessary measure.

Q Well, you see the point I'd like to direct ourselves to, if we can, is as I understand the policy of the two pipeline companies and that's clear enough, that they're not going to hire anybody who doesn't come through their hiring depot in Edmonton, except northerners. All right, it is -- we will be told in Panel 2 that the project itself, to use Mr. Burrell's phrase, is going to create some jobs of a secondary nature. Now how are we going to deal with the people who come up in the expectation or hope that they will get those jobs?

A They will probably go through the existing channels that are available now. I don't see any changes there.

Q What existing channels?





Burrell, Ellwood, Jensen, MacLeod  
CrossExam by Scott

1  
2 A It's sink or swim, and right  
3 now you can take for example Inuvik, when Father Adam  
4 was with the Roman Catholic Church there, he had people  
5 sleeping on his stage, and it was actually almost  
6 the local labor pool.

7 THE COMMISSIONER: It was the  
8 what?

9 A Almost the local labor  
10 pool.

11 Q When was this?

12 A Up until Father Adam  
13 left Inuvik. That was a single men's hostel, in  
14 effect.

15 Q Yes, and that was until  
16 about a year ago, I think.

17 A That's right.

18 MR. SCOTT: Q You see we've  
19 been promised detail on this by both Foothills and  
20 Arctic Gas, or certainly from Arctic Gas. One of the  
21 things that is said about the pipeline project is  
22 that because it will exhibit a certain northern  
23 preference where it can in purchasing goods and  
24 supplies, that will be a benefit to northern businessmen  
25 and that's fine. Tha will also create some jobs and  
26 that may induce in-migration beyond the capacity of  
27 those industries to employ people. Now what I am  
28 getting at, is has any consideration been given to  
29 making it a term, for example, of purchasing goods  
30 from northern suppliers that they should employ



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Scott

1  
2 only northerners in the north?

3 A No, it hasn't.

4 Q Well, is there anything  
5 under way that is designed to deal with the problem  
6 of this potential in-migration? Refrain it, curb it,  
7 alter its course?

8 A Our thinking has been that  
9 the northern participation rights would increase and  
10 pick up that slack.

11 THE COMMISSIONER: That the  
12 what?

13 A Northern participation  
14 rights would increase, that you'd see a widening of  
15 employed people in the Northwest Territories.

16 Q Yes, northerners now  
17 unemployed would work in that expanded private sector  
18 servicing the pipeline. Is that it?

19 A Including the female  
20 labor force.

21 MR. SCOTT: Q You see, the  
22 trouble with the matter, as I see it, is throughout  
23 the paper you make it clear that (with certain modifica-  
24 tions in education, housing, so on and so forth, hospital  
25 services) that the facilities as they presently exist  
26 are adequate to meet the needs or have a sufficient  
27 reserve that the population increases directly related  
28 to pipeline work that you envisage can be satisfied.

29 A Yes, that's correct.

30 Q But it seems to me what



Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Scott

1  
2 is being ignored is the in-migration that may result  
3 not from people wanting to work on the pipeline but  
4 people wanting to work in secondary industries from  
5 which the pipeline may be buying goods, and has any  
6 consideration been given to that in your work?

7 A Yes, it was considered  
8 and we had assumed that that would be controlled, that  
9 there wouldn't be this in-migration problem that  
10 they experienced in Alaska.

11 Q Well, have you anything  
12 more to tell us? Has anybody else on the panel  
13 anything more to tell us about how it can be controlled?

14 WITNESS BURRELL: Well, I think  
15 you know, as far as the construction crews are concerned,  
16 certainly we can make every effort to control the  
17 movement of people up and applying for jobs in the  
18 north. We just won't do it. I think we've covered that.

19 Q Well, I understand about  
20 construction.

21 A Now we're getting into  
22 the situation of awarding jobs to northern contractors,  
23 and it's these people that really will be offering  
24 the jobs to in-migrants, I suppose. As far as we're  
25 concerned, we would award the job to a northern contrac-  
26 tor; but then I guess how he staffs his crew might be  
27 out of our hands. As far as support service coming in  
28 from the south, of course, we would contract with service  
29 companies down there and of course they'd bring their  
30 people in much on the same basis, it would be a





Burrell, Ellwood, Jensen, MacLeod  
Cross-Exam by Scott

1  
2 requirement that they come in on much the same basis  
3 as our construction people would. . So I guess the  
4 real question is the hiring of people by northern business-  
5 men to fill the contracts which they -- which we offer  
6 to them, and I suppose we could make some stipulation  
7 which says you have to hire northerners. I just don't  
8 know how that would work though, really.

9

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Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 Q Well let me go at it in a  
2 slightly different way. I take it that if your construc-  
3 tion crews were going to place a strain on existing  
4 hospital facilities, which they are not according to  
5 your evidence, but if they were, you would feel some  
6 obligation to dig in and assist in some way to ensure  
7 that adequate hospitalization was available?

8 A Yes.

9 Q All right. Now I am  
10 suggesting to you that the in-migration that may be  
11 attracted in response towards jobs in secondary industry  
12 which you in a sense have created -- they are the  
13 product of the project itself -- may place a drain on  
14 those very facilities. And that therefore, you have  
15 -- you may want to look to whether you have any  
16 responsibility for that?

17 A I don't see how we can put  
18 in the position of saying, "You can't go into the  
19 Northwest Territories." I just don't see how you can do  
20 it.

21 Q No, I understand that. But  
22 do you agree that if that kind of in-migration occurs,  
23 attracted, as you put it, by the project itself, the  
24 project may have some responsibility for the drain that  
25 it imposes on existing facilities.

26 WITNESS ELLWOOD: Can I just  
27 add one thing Mr. Scott? It seems to me that a good  
28 number of these contracts and the secondary development  
29 things that we are talking about are going to be  
30 contractors working for us in the same situation as



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 southern contractors are. A goodly number of these  
2 contracts that will be let in the north will in fact  
3 be operating out of our camps in the same way as a  
4 southern contractor is.

5  
6 Q Well I wonder if --

7 A I assume here that you  
8 are thinking of things like grocery stores in town --  
9 the buying of groceries and other things in town. But  
10 I am wondering how big that really is in comparison  
11 to the project?

12 Q Well, let me put it this  
13 way. I asked Arctic Gas last week or the week before  
14 and they agreed and I am asking Foothills if in due  
15 course it will provide a list of what it intends to  
16 purchase in the Northwest Territories. Now, that may  
17 have to be in very generalized terms, but I would like  
18 to know something about the kind of things you're thinking  
19 of buying here, and approximately the dollar volume of  
20 purchases that you contemplate during the construction  
21 phase.

22 THE COMMISSIONER: Could I add  
23 something to that? I gather Mr. MacLeod that you prepared  
24 for the Chamber of Commerce the inventory of northern  
25 business capacity to handle pipeline work that was funded  
26 by the Inquiry. It seems to me that a comparison of  
27 your report on that subject, that is, an inventory of  
28 northern business and that potential capacity -- that  
29 -- a comparison of that with the lists that Mr. Scott  
30 has asked of Arctic Gas and Foothills, what goods and



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 services do they intend to purchase in the north. It  
2 will give us some idea of whether those things mesh,  
3 whether the thinking of the companies and the thinking  
4 of northern businesses is on the same wave length.  
5 At any rate, I look at you because you seem to be  
6 wearing two hats in this thing, and you may be in a  
7 position to work rather closely with Foothills in  
8 preparing that list.

9 WITNESS BURRELL: Really I might  
10 add to that that's one of the reasons that we established  
11 the Business Opportunity Board to provide that mesh that  
12 you are talking about.

13 Q Well we would like to  
14 see a little more of it then. Subject to what you may  
15 say Mr. Scott, I have just about had it. Can we wrap  
16 this up until tomorrow?

17 MR. SCOTT: Can I test you  
18 sir with just one more question of Mr. Burrell while  
19 I have it in mind?

20 Mr. Burrell, what I am trying  
21 to get you to say and I may not succeed, is that it  
22 seems to me that there is a dilemma that not only you  
23 but Arctic Gas has to face. That is that to the extent  
24 to which you go around -- and I don't criticize this  
25 offering northern businessmen the opportunity to work  
26 with the project either in the construction camp or  
27 by supplying goods and services in the communities, you  
28 to a certain extent, lead to expectations that there may  
29 be jobs created in those secondary industries to meet  
30 your demand. Now, all I am saying to you is that having







Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 done that -- having made that promise to one sector of  
2 the community -- isn't there a risk that you will have  
3 thereby participated in creating an in-migration to fill  
4 those jobs that will place a drain on existing social  
5 and community services?

6  
7 A Well firstly, yes. We  
8 want to make every effort to provide northern businessmen  
9 with the opportunity to take advantage of what the  
10 pipeline offers. But I honestly believe that with a  
11 project of the magnitude we're talking about regardless  
12 of whether we had that approach, the fact that it is a  
13 project of that size, people would go up on the assumption  
14 that there would be opportunities. Whether or not we  
15 make the obligation to give opportunities to northern  
16 businessmen, I wonder whether in fact it would have --  
17 that particular policy would have much bearing on the  
18 number of in-migrants that we would see in the north.

19 Q Well in one word, do you  
20 feel that the pipeline company has any community or  
21 public responsibility if an in-migration occurs as  
22 a result of the existence of the project?

23 A If this in fact occurred,  
24 I think that it would be our position -- I think it  
25 would be our position that we would work toward it really  
26 being the situation to the best of our ability, but I  
27 must admit that we don't have the control over all the  
28 aspects that lead to this potential in-migration problem.

29 Q Would <sup>your</sup> work as Mr. Reesor  
30 I think said earlier involve, not only advice but dollars?

A Dollars to the extent of what?



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 Q Well to provide the  
2 extra social and community services that may be necessary  
3 if the project itself creates an in-migration of  
4 substantial proportions.

5 A I think that's a very  
6 difficult question to answer. I think that you would  
7 have to look at the particular case and evaluate it.  
8 Certainly our project-- we do not want to create any  
9 impact that is not desirable in the north and we would  
10 work toward that end. But that's a pretty general  
11 question and I don't know if you can give a general  
12 answer to that.

13 THE COMMISSIONER: Well you gave  
14 us a general answer.

15 A I'm sorry -- a specific  
16 answer -- I'm very sorry.

17 Q No, you're probably right.  
18 You may not be able to go further.

19 MR. SCOTT: Well that's a  
20 question of policy perhaps for both Arctic Gas and  
21 Foothills if Arctic Gas hasn't dealt with it. I'll  
22 leave it there for today if I may Mr. Commissioner.

23 THE COMMISSIONER: Yes. Maybe  
24 I could just say to counsel that on some issues it seems  
25 plain that all parties are reaching a common point of  
26 view. For instance, this question of hiring halls for  
27 southern workers being situated south of 60. That's  
28 a policy both companies have adopted. It's one that I  
29 would be inclined to think the native organizations would  
30 support and the municipalities. But it may well be --



Burrell, Jensen  
Ellwood, MacLeod  
Cross-Exam by Scott

1 Mr. Reesor, I think you're an official of the Chamber  
2 of Commerce -- it may well be that it's a policy the  
3 Chamber of Commerce wants to think about. Maybe they  
4 have thought about it and they have got a position.  
5 But I am simply thinking of making my own work a little  
6 easier. It seemed to me that if for instance with  
7 respect to that policy, all parties agreed, there isn't  
8 much left to fight about. You might be thinking in your  
9 own minds about some of those issues. It seems to me  
10 that in certain respect, we are achieving common ground  
11 and that, it seems to me, will make my task easier.

12 There's, you know, enough areas  
13 where you don't agree that if we can at least isolate  
14 those where you appear to be coming together, we'll be  
15 better off.

16 O.K., ten o'clock tomorrow.

17 (PROCEEDINGS ADJOURNED TO JULY 20, 1976)  
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